

Sakharov Sees Pause 2 Firms In Rights Campaign In Japan Punished

Illegal Sales Of Technology To Soviet Cited
By Barry James
International Herald Tribune

MOSCOW — Andrei D. Sakharov told Prime Minister Jacques Chirac on Friday that the Soviet Union had stopped releasing political prisoners.

The Nobel Peace Prize winner had a short conversation at the Academy of Sciences with Mr. Chirac before the French prime minister met at the Kremlin with the Soviet leader, Mikhail S. Gorbachev. The physicist expressed concern at the "stopping of the process of liberating prisoners of conscience in the Soviet Union."

Soviet authorities have said that 150 such prisoners were ordered released in February and that the cases of 150 others are being reviewed.

After his meeting with Mr. Gorbachev, Mr. Chirac said that they did not discuss human rights but that he had talked informally of humanitarian issues with the Soviet leader at a banquet Thursday night.

Mr. Chirac said that he and Mr. Gorbachev had cleared up some "misunderstandings" that had strained ties between Paris and Moscow, but he reported no progress on narrowing the divide between the two countries over disarmament.

France has given a cool recep-



Seoul Protest Marks Anniversary of Violent Uprising
Riot police kicked away firebombs Friday as they took shelter behind wire netting during a clash with protesters in Seoul. About 9,800 students on 29 campuses across South Korea took part in anti-government protests before the anniversary of a May 18, 1980, uprising at Kwangju that left 191 people dead. There were no reports of injuries or arrests in the protests on Friday.

Kohl Sets Condition On Talks

Must Include All Battlefield Nuclear Arms
By Robert J. McCarrity
Washington Post Service

BONN — Chancellor Helmut Kohl of West Germany said Friday that a proposed superpower deal on European-based nuclear missiles must be widened to cover very short-range weapons that threaten West Germany.

These missiles have been left out of the U.S.-Soviet negotiations. If West Germany sticks to that position, it would set a new and troublesome condition for Bonn's acceptance of a Soviet offer to remove some short-range missiles.

NATO called on Moscow to drop its demand to keep some intermediate missiles. Page 5.

Kiosk

Dow Plummets On Inflation

The Dow Jones industrial average plunged 52.97 points, its fourth-largest point drop on record, as April's 0.7 percent jump in U.S. wholesale prices rekindled inflation fears. Details, Pages 9 and 10.

Investors worried that the higher interest rates required to slow price rises would further cut economic growth. Adding to the jitters was a rise in U.S. prime rates to 8.25 percent.

NASA Presents Satellite Project

CAPE CANAVERAL, Fla. (UPI) — The United States plans to launch up to five key satellites on unmanned rockets by 1992 in a project to augment the shuttle program, the National Aeronautics and Space Administration said Friday.

Eventually, NASA officials said, up to nine major payloads a year, with a particular emphasis on scientific satellites, could be sent into space on "expendable launch vehicles."



Rita Hayworth, the actress, dies at 68. Page 2.

GENERAL NEWS

- San Francisco is worrying about the fading magic of Fisherman's Wharf. Page 3.
 - British Conservatives will face some of their toughest election battles in Scotland. Page 5.
 - Senator Joseph R. Biden Jr. outlined the themes of his campaign for the U.S. presidential nomination. Page 3.
- Dow close: DOWN 52.97
The dollar in New York:
DM £ Yen FF
1.777 1.6805 139.55 5.9425

AIDS Testing Is Sought For All U.S. Immigrants

The Associated Press
WASHINGTON — The Public Health Service is recommending mandatory AIDS testing for all immigrants applying for permanent residence in the United States, a spokesman said Friday.

Federal health officials had limited their attention to identifying applicants with symptoms of acquired immunity deficiency syndrome. But the new proposal goes beyond that, calling for blanket testing for exposure to the virus, said the spokesman, Jim Brown.

The AIDS virus attacks the body's immunity system against fatal infections and cancers.

The rule, if adopted, would not apply to tourists or visitors. It would not bar a foreign citizen with AIDS who is seeking treatment in the United States from getting a temporary visa.

It would apply, however, to the estimated 500,000 immigrants who seek permanent resident status in the United States each year and who already are subjected to blood testing for a variety of other diseases.

Mr. Brown said the public health agency's position is that it has no choice under existing immigration law but to add infection with the AIDS virus to the "dangerous contagious disease" category that already is grounds for denying permanent status.

"We believe this is necessary," said a memo submitted by Robert E. Window, assistant secretary for health of the Department of Health and Human Services, because any person infected with the AIDS virus is "assumed to be capable of transmitting the virus."

The recommendation must be approved by the health and human services secretary, Otis R. Bowen, and the Office of Management and Budget. The proposal then would be subject to a period of public comment.

Still Missing: Answers on Reagan's Role

By David E. Rosenbaum
New York Times Service

WASHINGTON — In four days of questioning, the congressional committees investigating the Iran-contra affair never pinned down Robert C. McFarlane on what he told President Ronald Reagan about the White House staff's activities on behalf of the Nicaraguan rebels.

Mr. McFarlane, who was the president's national security adviser from October 1983 through December 1985, is one of only two witnesses who could reasonably be expected in the course of the hearings to testify thoroughly on what the president knew and said about those activities.

The other such witness, Rear Admiral John M. Poindexter, who succeeded Mr. McFarlane as national security adviser, will not testify until next month.

Various committee members raised the matter of what the president was told and what he did. But often their questions lacked precision, and they did not persevere when Mr. McFarlane gave answers that were incomplete or evasive.

Mr. McFarlane said he met with Mr. Reagan daily and discussed the Nicaraguan rebels, "dozens as contrast, with him 'dozens of times.'" But the committees never learned whether Mr. McFarlane had told the president about such matters as these:

- Attempts by his staff to solicit money for the Contras from Israel, China, Taiwan and other countries during a time when official U.S. assistance was restricted.
- The efforts of Lieutenant Colonel Oliver L. North, an assistant to Mr. McFarlane on the National Security Council staff, to generate private donations to the contra cause.
- Six documents Mr. McFarlane found in the fall of 1985 that he said indicated to him that Colonel North was engaged in potentially illegal activities.
- The fact that more than \$30 million contributed by Saudi Arabia, a donation of which Mr. McFarlane said the president was aware, was used to purchase arms. When this money was contributed, the law allowed solicitations of foreign governments for humanitarian purposes only.

NEWS ANALYSIS
said indicated to him that Colonel North was engaged in potentially illegal activities.

• The fact that more than \$30 million contributed by Saudi Arabia, a donation of which Mr. McFarlane said the president was aware, was used to purchase arms. When this money was contributed, the law allowed solicitations of foreign governments for humanitarian purposes only.

• Colonel North's recruitment of Richard V. Secord, a retired U.S. Air Force major general who left the government under an ethical cloud, to supply arms to the contra at a profit.

After Mr. McFarlane finished testifying on Thursday, Daniel K. Inouye, Democrat of Hawaii and chairman of the Senate investigating committee, conceded that he did not have a real grasp of what Mr. McFarlane had told the president.

Mr. Inouye was one of those who did not follow up on the issue when he had a chance. During his questioning on Wednesday, the senator asked whether Mr. McFarlane had "advised the president on whatever you were doing" for the contra.

"Yes, sir," Mr. McFarlane replied.

Mr. Inouye then turned to a different subject, but a few minutes later he asked whether Mr. McFarlane had advised the president "of some of the extraordinary activities of Colonel North."

"Well," Mr. McFarlane answered, "I think I did make clear to the president that Colonel North was a very tireless, very hard-working, devoted officer." Mr. Inouye dropped the subject again.

Earlier on Wednesday, Representative Edward P. Boland, Democrat of Massachusetts, asked Mr. McFarlane a series of pointed questions that led the witness to state that he was fully apprised of Colonel North's activities, that he

See WITNESS, Page 2

Reagan Denies Discussing Ransom

The Associated Press
WASHINGTON — President Ronald Reagan said Friday he and his aides had talked about paying money to achieve "a rescue" of American hostages, "but I never thought of that as ransom."

Mr. Reagan also said he had seen no evidence "that I've been mortally wounded" by the Iran-contra affair and that Americans do not "seem to be unhappy about what we've been doing here."

Asked about a claim by his former national security adviser, Robert C. McFarlane, that Mr. Reagan had approved paying \$2 million in bribes and ransom in an effort to

free American hostages in Lebanon, Mr. Reagan said:

"I am having some trouble remembering that. I don't recall ever anything being suggested in the line of ransom."

Mr. Reagan said, "From the very first we would not pay a ransom to kidnappers because it's only going to cause more taking of hostages."

Mr. Reagan made his comments in a meeting with editors and reporters from outside Washington.

He said the administration was constantly seeking ways to win the release of the hostages.

"It is possible," he said, "that what we were talking about was use of money to pay people and hire individuals who could affect a rescue of our people there, and I've never thought of that as a ransom."

Mr. Reagan pointed out that the discussion about payments for hostages occurred around the time he was hospitalized in July 1985 for cancer surgery.

"Again, I'm having some trouble," he said, just as Mr. McFarlane "had some trouble himself with some of the questions that were asked him. There was an awful lot going on. It's awful easy to be a little short of memory."

The president also declared anew

See REAGAN, Page 2



BARBIE TRIAL SECURITY — A policeman in Lyon checking the identity of André Coradini, judge at the trial of Klaus Barbie, outside the courthouse Friday. The judge rejected a request that the former Nazi officer be forced to attend the trial. Page 2.

U.S. Companies to Defy Pretoria on Integration

The Associated Press
JOHANNESBURG — The American Chamber of Commerce said Friday that its member companies in South Africa would continue to house nonwhites in whites-only neighborhoods, despite warnings of a government crackdown.

The chamber, representing about 200 U.S. companies operating in South Africa, issued its statement after South African officials said the government would no longer tolerate corporate defiance of the 1950 Group Areas Act.

The act establishes segregated residential areas for whites, blacks, Asians and people of mixed race.

Some companies, including American companies, have been housing blacks, people of mixed race and people of Indian descent in white areas without seeking special government permission.

The deputy minister of information, Stoffel van der Merwe, in an apparent reference to the housing programs, was quoted Friday by the South African Broadcasting

Coup Leader In Fiji Asks Recognition

Reuters
SUVVA, Fiji — The Council of Ministers formed by Lieutenant Colonel Sitiveni Rabuka held its first meeting Friday after the overthrow of Prime Minister Timoci Bavadra, and Colonel Rabuka called for international recognition of his regime.

The colonel, whose soldiers seized Parliament and imprisoned members of the country's month-old government Thursday, ignored the declaration of a state of emergency by Fiji's governor-general, Ratu Sir Penaia Ganilau.

Colonel Rabuka, 38, who took the chair at the council meeting, said in a statement: "I would expect that since the military government is in full control and is effectively running the country in an atmosphere of peace and calm, that countries with whom we have diplomatic relations should recognize the new government."

Mr. Bavadra's coalition defeated the Alliance Party of Ratu Sir Kamiseva Mara in elections a month ago. Sir Kamiseva, 67, is foreign minister in the council, which is largely made up of people who were in his government.

Colonel Rabuka has said the council will shape a new constitution. It is widely expected to be designed to keep people of Indian descent from achieving a majority stake in government, as they did in Mr. Bavadra's coalition.

Ethnic Indians slightly outnumbered indigenous Melanesians in Fiji's population of about 700,000 people.

Colonel Rabuka's statement said: "It is clear that the people of Fiji have accepted what has happened and are prepared to cooperate in the national interests of Fiji and the overriding interest of peace."

Gummis? German Mouthful Becomes a U.S. Cult Candy Craze

By Ferdinand Procman
International Herald Tribune

FRANKFURT — An hour out of Chicago on a flight to Luxembourg, Brad Fishman craved something sweet. The 24-year-old banker dug through his backpack, pulled out a plastic bag filled with brightly colored, miniature candy bears, popped a handful in his mouth and chewed with vigorous contentment.

Momentarily relieved, he fished deeper in the pack, coming up with a bag of glowing green, orange, yellow and red earthworms. As he carefully selected and extracted a translucent green worm, a small face peered through the space between the airplane seats, eyeing the bag hungrily.

"Want a worm, kid?" Mr. Fishman asked, offering the bag. He then passed it on to the other passengers in

the three-seat row. The bag returned nearly empty. "Gummis are the best," Mr. Fishman said, munching another handful of bears. He then tucked away the bag as a reserve for the long flight ahead.

Mr. Fishman is a gummi bear addict. He is not alone. Americans are gobbling down the rubbery confections, which an expert called the "cult candy craze of the yuppie generation," at a rate best described in the young urban professional vernacular: totally awesome.

In 1986, industry experts estimate, 70 million pounds (31 million kilograms) of the candy were shipped to the United States from West Germany, the world's main source. Gummi (pronounced goomie) candy comes in various shapes and sizes, but most is in the shape of a little teddy bear.

West German producers are battling fiercely to

retain their markets in the United States despite the slumping dollar, which raises the price, and nascent U.S. competition. Gemah Süßwaren Vertriebs GmbH of Munich, which sells gummis under the Trolli label, has set up a plant in Iowa to counter the exchange rate problem and be closer to the U.S. market.

Gummi, the generic term for the candy, is the German word for rubber and is an apt description of the candy's consistency. Total gummi consumption, in West Germany and abroad, was estimated at well over 100 million pounds last year.

"A hundred million pounds is a lot of anything," said David Bahiarz, president of Dae-Julie Inc. in Chicago, which imported nine million pounds of gummi candy in 1986.

"But the bears are the most popular," he said, "it's the 'in' thing to eat."

Gummi candies were created in 1922 by Haribo GmbH & Co. KG of Bonn, with the bear form first appearing "around 1925," according to Hans-Herbert Bücken, Haribo's advertising director. The company is the biggest producer and undisputed worldwide market leader.

"Most of the other companies have to export to exist," Mr. Bücken said. "We completely dominate the German market."

Haribo and most of the other major producers do not release sales or production figures. But they agree that exports to the United States began to rise dramatically five years ago and reached crazy proportions in 1985.

U.S. retailers confirmed that sales exploded two

See GUMMI, Page 5

Judge Refuses to Force Barbie To Appear — for the Moment

By Julian Nundy
International Herald Tribune

LYON — The judge at the trial of Klaus Barbie rejected on Friday a request by lawyers that the former Nazi officer be brought by force to the courtroom.

The formulation of Judge André Cerdini's decision made it plain, however, that he did not rule out the possibility of forcing Barbie to appear later. Barbie has been boycotting his trial, at which he faces a life sentence for crimes against humanity.

After Mr. Cerdini delivered his decision, one of the 40 lawyers for civil plaintiffs in the trial announced that swastikas had been painted overnight on a plaque in the village of Izieu that commemorates 44 Jewish children who died at the Auschwitz concentration camp. One of the charges against Barbie concerns the deportation of the children from Izieu in 1944.

The news brought a gasp from the public gallery. One civil plaintiff, an elderly woman, wept.

The civil plaintiffs are mainly relatives of people who died in deportation or people who assert that Barbie tortured them during World War II when he was stationed in Lyon as a German intelligence officer.

Roland Rappaport, the lawyer who made the announcement, added: "Barbie may be absent, but those who are nostalgic for Nazism are not."

The question of whether Barbie should be obliged to appear was raised at the beginning of Friday's proceedings after his refusal to attend was read to the court. The civil

parties' lawyers were divided on the question. Some argued that the move could make the 73-year-old Barbie look like a martyr.

One lawyer said Barbie's presence during testimony by witnesses who saw him during the war would add "the truth of confrontation."

Another, however, told the judge: "Nazism was the triumph of force. We do not think we can ask you to use force."

Pierre Truche, the state prosecutor who is emerging as the major personality at the trial for his brief and cogent statements, offered Judge Cerdini an alternative.

Arguing that Barbie's presence was not essential Friday, when evidence of his wartime activities was to be presented, Mr. Truche said: "Our only force is truth." He said that the question could be raised "perhaps in the days to come."

After a brief recess, Judge Cerdini said that Barbie's presence was "not indispensable in the immediate future." His wording implied that he would be prepared to reconsider the request.

Earlier, lawyers for the civil plaintiffs had said that they would probably request Barbie's appearance Wednesday. That is the day the first surviving victims of Nazism in Lyon are scheduled to take the witness stand.

Barbie said before he left the trial Wednesday that his 1983 expulsion to France from Bolivia, where he lived for 12 years, was illegal. Consequently, he said, he would refuse to attend the rest of the trial. The proceedings are scheduled to last until early July.

Since Wednesday, Barbie has remained in his cell in Saint-Joseph

Prison in Lyon. Under French law, a trial can proceed without the defendant.

Although Article 320 of the French Code of Penal Procedure allows for a defendant to be brought to his trial by force, lawyers in Lyon said they could not remember this ever being applied.

"It would be unprecedented," one said. "But this whole trial is unprecedented."

One of the first witnesses Wednesday will be Lise Lesevre, 86, a member of the Resistance in Lyon during the war. Mrs. Lesevre asserts that Barbie tortured her during interrogations that lasted 19 days in 1944.

Mrs. Lesevre's husband and 16-year-old son, who she said was also tortured, died after being deported to concentration camps in Germany. Mrs. Lesevre was imprisoned in the Ravensbrück camp.

When she heard that Barbie refused to attend further sessions of his trial, Mrs. Lesevre said: "I cannot come, he can be made to come. When I could not move because I had been tortured the day before by Barbie, I was brought."

One lawyer said privately that, although Barbie's absence did not change the force of the charges against him, the absence of confrontations with victims would reduce the trial's impact.

"I don't care if he doesn't say anything, if he doesn't answer questions," the lawyer said. "I just want him to be forced to look at his victims."

Another lawyer added: "Whatever the charges are, for a jury, the real moment of truth comes when a witness looks at the accused."



Robert Owen, right, testifying before Congress as his lawyer, Melvin Greenbaum, looks on.

WITNESS: Panel Fails to Press McFarlane on Reagan

(Continued from Page 1)

believed some of those activities might have been against the law and that he had spoken to the president "frequently" about the contras.

But Mr. Boland never asked whether Mr. McFarlane had told the president precisely what Colonel North was doing.

Afterward, Mr. Boland said: "You're right. It just didn't come to mind."

The questioner who came closest to boring in on the matter was Senator Warren B. Rudman, Republican of New Hampshire.

"Did you ever give the president any cause for alarm in his mind, as the president, that people who worked for him might be doing things that were proscribed by the Congress?" he asked.

"No, sir," Mr. McFarlane replied. But then he added: "The president, in fact, would often provide his own views on that subject, generally. And there's no doubt in my mind that he had a far more liberal interpretation of that than I did."

Mr. Rudman dropped the matter. But Representative Jack Brooks, Democrat of Texas, returned to it Thursday morning.

"What did you mean by a more liberal interpretation?" Mr. Brooks asked.

Mr. McFarlane responded that it was "probably a poor choice of words," adding that what he meant was that the president often referred to "the tradition in the United States of helping freedom fighters" and that the president thought such help "entirely legal."

Mr. Brooks went on to another matter.

Some people have suggested that the committee members were gentle with Mr. McFarlane because they were concerned about his emotional stability. He attempted suicide in February and his manner during the hearings appeared melancholy.

The reason that important questions were not asked seems to be

because of the nature of congressional committees.

Most of the 26 legislators are lawyers, but few are experienced litigators. Most of them have prepared their questions in advance or have had them prepared by their staffs.

Moreover, unlike prosecutors, who are trying to prove violations of the law, the senators and representatives are most concerned with the policy implications of the testimony.

Moreover, many of the Democrats believe it is not in their political interest to come across as the grand inquisitor of a popular president who will be out of office in less than two years anyway, and they are seriously worried about doing grave damage to the institution of the presidency, as well as to their own political standing.

"We are not targeting the president," Mr. Inouye said. "And we are not prosecutors."

Finally, there are political inhibitions. Some of the best lawyers on the committee and some of those most glibly in the subject matter are Republicans who appear to have taken it upon themselves to defend Mr. Reagan. Representative Henry J. Hyde of Illinois and Senator Orrin G. Hatch of Utah fit in this category.

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WORLD BRIEFS

Fundamentalist Rabbi Backs Shamir

TEL AVIV (Reuters) — Prime Minister Yitzhak Shamir's efforts to prevent an early general election gained support Friday when a fundamentalist rabbi agreed to return to the Israeli cabinet as interior minister, Mr. Shamir's spokesman said.

He said Mr. Shamir had reached an agreement with Rabbi Yitzhak Peretz of the small Shas party, whose four seats in the legislature appear crucial to blocking Foreign Minister Shimon Peres's demand for elections on the issue of a Middle East peace conference. Israeli radio said Mr. Shamir had pledged to back restrictive legislation defining who is a Jew in exchange for support from the Shas party, which represents ultra-Orthodox Jews. Mr. Peretz resigned from the cabinet in January.

Meanwhile, Mr. Peres was to meet with American Jewish leaders in New York on Friday to rally support for his controversial plan for an international peace conference that would include the Soviet Union. The plan has divided Jewish leaders in both the United States and Israel.

U.S. Troops in Honduran War Games

TRUJILLO, Honduras (NYT) — In one of the biggest U.S. military exercises in the region, 6,900 American troops staged a combined air and sea assault on Thursday on the coast of northern Honduras.

U.S. officials said the purpose of the exercise was to show American military strength and U.S. resolve to defend Honduras in the event of an invasion from Nicaragua, 100 miles (160 kilometers) from the landing site.

The maneuvers involve 13 warships, as well as fleets of helicopters and combat jets. They are part of extended exercises by the U.S. Atlantic Command and involve 40,000 troops in the United States and the Caribbean, the officials said.

EC Approves Education Program

BRUSSELS (IHT) — Education ministers of the European Community have approved an ambitious program that could increase by 25,000 the number of EC university students who study in other member nations from 1987 to 1989.

Passage of the ERASMUS program on Thursday was viewed as an important step toward nurturing a less parochial and more European attitude among the next generation of EC leaders. The program is part of a broader plan, agreed to at the 1985 EC summit meeting in Milan, to foster a so-called "Citizen's Europe."

ERASMUS, which stands for European Community Action Scheme for Mobility of University Students, has been strongly debated since it was introduced by the EC Commission 16 months ago. It was considered a test case of the desire of member nations to adopt more orthodox programs for breaking down barriers to social — as opposed to economic — cooperation between EC nations.

For the Record

Senate Democrats failed to stop a Republican-led filibuster Friday against a military bill that would demand that President Ronald Reagan ask Congress first if he wanted to reinterpret the anti-ballistic missile treaty to broaden Strategic Defense Initiative research. (UPI)

The European Parliament has appealed to Indiana authorities to spare the life of Paula Cooper, a minor sentenced to death for murder. On Thursday, the parliament adopted a resolution asking the 12 EC governments "to do everything possible" to save her life. (AP)

Five Zimbabwean whites have been abducted by gunmen from a rural mission in central Mozambique, Western diplomats and missionaries said Friday in Harare. (AP)

Five South African miners were killed in a rockburst Friday at a gold mine near Johannesburg in the sixth fatal mine accident in six weeks, a spokesman said. (UPI)

The Chilean Supreme Court has sentenced Juan Pablo Cardenas, an opposition journalist, to nearly 18 months in prison for slandering President Augusto Pinochet, the cover agency Cuba reported. (Reuters)

The owners of a garbage barge that has been at sea for more than two months say they will return the barge to Islip, New York, to dispose of its load of trash. It was turned away by five U.S. states and the governments of Mexico and Belize. (NYT)

TRAVEL UPDATE

In an attempt to reduce flight delays, American Airlines has adopted schedule changes for more than 370 flights a day this month, and virtually all of its 1,600 daily flights will be affected starting June 1. (Reuters)

Spanish seamen blocked the entrance to the Algeciras port with two vessels for the second consecutive day Friday to protest a proposed sale of ships that could threaten jobs, local officials said. (Reuters)

Correction

Because of editing errors, an article in May 15 editions about the fiscal and political costs of welfare states contained inaccurate U.S. dollar conversions. The French social security deficit should have been calculated as \$3.3 billion; British welfare spending as \$73 billion and West German welfare spending as \$302 billion.

AIDS: U.S. Seeks Mandatory Tests

(Continued from Page 1)

granting permanent resident status to a resident alien.

Mr. Brown said he is not certain what impact the virus testing proposal, if it is adopted, would have on illegal aliens applying for permanent status under an amnesty program that began this month.

Some Immigration and Naturalization Service officials have already called for blanket AIDS screening for applicants.

Mr. Brown said the agency's top officials have said they would abide by the recommendation of the Public Health Service.

■ EC Rejects Curbs

Health ministers of the European Community vowed Friday to oppose compulsory blood screening for AIDS, the International Herald Tribune reported Friday in Brussels. The ministers also said they would reject border controls aimed at preventing AIDS carriers from entering the EC.

The ministers agreed at a meeting in Brussels that blood tests and border checks are an "ineffective" way of fighting the disease. They stressed that the battle against AIDS should focus on information exchanges and public education about safe sex.

The statement marks the first

time that the ministers have jointly examined and rejected curative strategies for halting the spread of AIDS. This puts the health officials on a collision course with conservative politicians who support crackdowns to identify AIDS carriers.

The ministers proposed an alternative policy based on massive public-education programs and exchanges of information between health experts and researchers in the EC.

West Germany's interior minister, Friedrich Zimmermann, last week authorized border checks on suspected AIDS carriers. The checks were suspended after police said they did not have the manpower or resources to conduct them.

Dr. Rita Stüssmuth, the West German minister of health, had criticized the policy.

■ U.S. Senate AIDS Measure

Democratic senators are proposing a comprehensive \$900 million plan to cope with the AIDS epidemic, said the measure's chief sponsor, Senator Edward M. Kennedy, Democrat of Massachusetts, the Associated Press reported on Friday from Washington.

The plan would promote creative care and treatment services, and accelerate the search for a cure.

White House Is Said to Plan Saudi F-15 Sale

The Associated Press

WASHINGTON — The White House will notify Congress next week that it wants to sell \$500 million worth of F-15 jets to Saudi Arabia, Reagan administration and congressional sources said Friday.

Congress, which can veto the sale, is likely to take a close look at the plan after reports that the Saudis secretly provided financial help to the rebels in Nicaragua, known as contras.

Although Saudi Arabia has denied it, some members of congressional investigating committees have put Saudi aid to the contras at \$32.5 million in 1984 and 1985.

Israel's supporters are certain to challenge the sale as posing a potential military danger.

The sources said the planes — 12 to 15 of them, depending on production costs — would be kept in the United States and provided to the Saudis only to replace planes lost in accidents, to keep the Saudi fleet at about 60 jets.

REAGAN: Ransom Plan Denied

(Continued from Page 1)

that he was unaware of the alleged diversion of funds from arms sales to Iran to the contra rebels in Nicaragua.

At the same time, Mr. Reagan said he was kept briefed about efforts to support the contras. "There is no question about my being informed," Mr. Reagan said. "I was very definitely involved in the decisions about support to the freedom fighters."

Asked whether he had been damaged by the Iran-contra affair, Mr. Reagan said, "Yes, I've been wounded." But, he said, "I haven't seen any evidence that I've been mortally wounded nor do the people seem to be unhappy about what we've been doing here."

■ Cash for the Contras

Robert W. Owen, a self-described "foot soldier" in the administration's secret war in Nicaragua, testified Thursday that at the direction of Lieutenant Colonel Oliver L. North he delivered envelopes stuffed with cash, advice on arms purchases and U.S. intelligence

ARMS: Kohl's Conditions

(Continued from Page 1)

short-range weapons to match the Soviet arsenal at the lower level.

Mr. Kohl "appears to be saying that he wants a ceiling on the Saudis," said a government source. He added that the chancellor did not want "wild demands" from the North Atlantic Treaty Organization "for building up on our side in this category."

The United States and the Soviet Union have agreed in principle on the so-called "zero option" providing for withdrawal from Europe of all medium-range missiles, which have ranges of 600 to 3,000 miles (1,000 to 5,000 kilometers).

Moscow also has proposed to expand the bargain by removing from Europe all missiles with ranges of 300 to 600 miles. This is the so-called "double-zero option."

The United States favors the "double-zero option," and Britain said Thursday for the first time that it could accept it, too. Most NATO defense ministers expressed support for the broader deal at a meeting in Norway that ended Friday.

But West Germany has balked so far at the "double-zero option," and Mr. Kohl's condition is deeply divided over the issue. His statement Friday was widely viewed as a response to the new pressure, from Britain and the NATO meeting, to accept the Soviet offer.

Mr. Kohl's Christian Democratic Union and its sister party, the Christian Social Union, have contended that removing all missiles in the 300-to-600-mile range, together with the medium-range missiles, would leave West Germany uniquely vulnerable to the very short-range nuclear weapons.

That is because Warsaw Pact weapons in the very short ranges can reach only West Germany, and U.S. weapons in that category could be deployed only in West Germany.

Mr. Kohl made the same argument Friday in calling for the superpowers to widen their deal to include the very short-range weapons.

His statement appeared to put West Germany on a collision course with the United States, which consistently has said that the Geneva negotiations should deal only with missiles with ranges of 300 miles and above. Washington is concerned that an effort to include the very short-range weapons now could obstruct an arms control treaty.

Rita Hayworth Is Dead; Movie Actress Was 68

By Albin Krebs
New York Times Service

NEW YORK — The actress Rita Hayworth, 68, died Thursday of Alzheimer's disease, a family spokesman announced Friday.

Miss Hayworth, a Hollywood beauty who rose to international fame in the 1940s and 1950s, had been under the care of her second daughter, Princess Yasmin Aga Khan, since 1981.

The princess, through publicizing her mother's illness, has been credited with drawing international attention to Alzheimer's disease, an incurable brain disorder about which little was known until a few years ago.

Princess Yasmin said her mother lapsed into a semi-coma in February.

Miss Hayworth was the epitome of Hollywood glamour and allure. During World War II, her pinup pictures decorated barracks walls and ships' bulkheads wherever servicemen went. Her often tempestuous romantic life over two decades often thrust her into the headlines.

Fred Astaire, who starred with her in "You'll Never Get Rich" and "You Were Never Lovelier," said in his autobiography that she was his favorite dancing partner.

As a singer, however, she was not similarly gifted, though she was cast in many musicals. Anita Ellis dubbed Miss Hayworth's songs in four movies, including "Pal Joey" and "The Loves of Carmen."

That mattered little to Hayworth fans, who admired her chiefly for the sensuality she exuded, playing temptresses in movies such as "Blood and Sand" and "The Lady From Shanghai."

She was a particularly memorable temptress in the title role of "Gilda," in 1946, in which she did a striptease that was deemed by today's standards, inasmuch as it was limited to removing her arm-length gloves. While the scene dazzled tens of thousands of young males, it upset more conservative people across the nation.

So did Miss Hayworth's open affair, in the late 1940s, with Prince Aly Khan, the playboy son of the Aga Khan, spiritual leader of the Ismaili Muslims. They were married in 1949, but she divorced him, as she did four other husbands, including Orson Welles.

As Miss Hayworth grew older, she successfully shifted from her glamour image and took on mature roles in movies such as "Separate Tables" in 1958 and "They Came to Cordoba" in 1959. But by the late 1960s she was appearing only in minor movies, most of them made in Europe.

Ultimately, the star's health was ravaged by Alzheimer's disease, or senile dementia, which left her "utterly helpless," according to her daughter.

Miss Hayworth was born in New York on Oct. 17, 1918. Her father, Eduardo Canino, was a Spanish-born dancer. Her mother, the former Volga Howard, had been a Ziegfeld Follies showgirl.

They named their daughter Margarita Carmen Canino, but when she began dancing professionally at the age of 12 she shortened her name to Rita Canino and kept that name for her first 10 movies.

"Making her film debut in 1935 in 'Under the Pampas Moon,' Rita Canino appeared in a succession of lesser roles, such as that of a dance-hall girl in a Spencer Tracy movie called 'Dante's Inferno.' Other early films included 'Charlie Chan in Egypt' and 'Human Cargo.'"

In 1937 she met and married Edward Judson, a shrewd businessman 22 years her senior. Under his guidance she had her eyebrows and hairline altered by electrolysis and transformed herself from a ravenshaired Latin to an air-burned cosmopolitan.

Mr. Judson also changed his wife's professional name, choosing her mother's maiden name of Hayworth and adding a "y" to clarify the pronunciation.

He hired press agents to get the name and photograph of Rita Hayworth into newspapers and fan magazines, and ultimately won her a seven-year contract at Columbia Pictures.

Beginning in 1941, Miss Hayworth rapidly developed into one of Hollywood's most glamorous stars, inspiring Winthrop Sargent, a Life magazine writer, to dub her "the Great American love goddess," a sobriquet she welcomed, and one that caught the public's fancy.

She was also married to the singer Dick Haymes and the producer James Hill.

TOSHIBA: Illegal Sale to Soviet

(Continued from Page 1)

the Soviet Union, indicating the tools were capable of turning on only two axes, the maximum permitted by COCOM regulations.

Computer-operated controllers supplied by Kongsberg Væpnefabrik of Norway, however, enabled the machines to turn on nine axes, giving them the capability to produce the far higher standard of smoothness and symmetry needed to make ultra-quiet propellers.

Mr. Okamoto said the statute of limitations had run out for criminal charges on the sale of the machines, which were supplied in 1982 and 1983. Authorities still are investigating a 1984 sale of computer software that could have been used to upgrade the machines still further. That sale could make Toshiba Machine liable for prosecution.

In Norway, the police are conducting an investigation at Kongsberg, a state-controlled company. One unidentified employee has been charged with providing false information in applying for an export license.

The export trading arm of the weapons and engines maker has been shut down. U.S. and Norwegian officials say the company sold equipment and software to Toshiba Machine, knowing it would be shipped to the Soviet Union.

Kongsberg, which posted a loss in 1986 of 39 million kroner (\$51 million), has hoped to sell ship-turbine missiles to the U.S. Navy.

Johan Holst, Norway's defense minister, said he had been assured by Caspar W. Weinberger, the U.S. secretary of defense, that the United States would not bar purchase of the missiles because of the illegal sales to the Soviet Union. Mr. Weinberger left Norway Friday after a meeting of the North Atlantic Treaty Organization's nuclear planning group.

Representative Duncan L. Hunter, Republican of California, a member of the House Armed Services Committee, has introduced a bill demanding an import ban on products by Kongsberg and Toshiba Machine.

"Toshiba earned \$17 million on the sale," Mr. Hunter said. "It will cost the West \$30 billion to regain the superiority we lost."

He said it was "outrageous behavior" on the part of Toshiba.

In introducing his bill April 30, Mr. Hunter said the sale had enabled the Soviets to "reduce the noise level of their submarines by a factor of 20."

The U.S. Defense Department has confirmed that propellers made with the Japanese machines have been fitted to Soviet attack submarines.

"It has meant a terrible loss of our ability to detect and track Soviet submarines," said a department spokesman, Commander Robert Frucha.

The sale of the technology coincided with the leaking of U.S. secrets by a spy ring headed by John A. Walker Jr., a former Navy warrant officer. Defense experts say Walker gave the Soviets information about the American ability to track submarines.

Captain John E. Moore, editor of Jane's Fighting Ships, said in London that propellers are one of the chief sources of noise on a submarine because of cavitation, the creation of bubbles along the edge of the rotating blades, which can be detected by sonar devices.

He said the Soviet attempt to silence submarines came relatively recently. "They wanted submarines that would go fast and deep and carry lots of weapons," he said. "Quietness came last on the list of priorities because it is so difficult to achieve."

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Americans Confident in Institutions, Poll Shows

By Jim Hoagland

PARIS — Americans have significantly higher levels of confidence in their national institutions than do the citizens of Western Europe's largest countries...

They were conducted in April by Louis Harris International. American respondents gave higher approval ratings than did people of any other nationality...

The polls were conducted in France, West Germany, Britain, Spain and the United States.

Representative samples of citizens were asked in each country to state whether they had confidence in their institutions.

While the United States dominated the high confidence end of the scale, the results indicated that Spain, which has moved into a democratic system only within the past decade, has the greatest problems securing confidence in its newly developing institutions.

Sixty percent or more of the Spaniards polled said they had no confidence in their army, judicial system, labor unions, churches or congress.

The only Spanish institution that won a confidence rating of more than 50 percent was schools.

Fifty-nine percent of those polled said they trusted schools either a great deal or somewhat.

In Britain, only 10 percent of those polled said they had a great deal of confidence in their schools, compared to 35 percent in the United States...

One of the largest gaps between Europe and the United States appears in their ratings of the media.

A total of 69 percent of American respondents said they had confidence in the media, while the French and Spanish ratings were around 47 percent.

Close to 40 percent of those polled in Britain and West Germany said they have confidence in the media.

The polls were commissioned by the weekly French newsmagazine L'Express, which published them Friday, and by Institut International de Geopolitique, a research organization.

In San Francisco, Worry Over the Fading Magic of Fisherman's Wharf

By Robert Lindsey

SAN FRANCISCO — On a hot, cloudless afternoon this week, Fred Miller, a vacationing Chicago salesman, looked around and commented: "The first time I was at Fisherman's Wharf was 20 years ago, when I got out of the navy. It was really a fisherman's wharf; now, it's almost like Coney Island."

Mr. Miller surveyed shoulder-to-shoulder throngs of fellow tourists and a panorama of signs that sought to lure them into a wax museum, which featured a "17-set re-creation of the Tomb of Tutankhamen," assorted T-shirt shops, a "Haunted Gold Mine," a Guinness Museum of World Records, and, down the block, a steamy room presided over by an auctioneer selling dolls, sewing machines and other merchandise.

Changes at Fisherman's Wharf, the city's most heavily visited tourist attraction, have begun to trouble many San Franciscans.

In what some residents might regard as an understatement, the City Planning Department issued a 272-page study of the waterfront neighborhood recently that declared, "In

the last 20 years, profound changes have altered the image, character and structure of the wharf area."

Because of over-commercialization, alternately "gaudy" and "boring" buildings, traffic congestion and other problems, many San Franciscans now rarely visit the

No one chronicled the day when the wharf became more oriented toward tourism than fishing. But its former character slipped away and its success unleashed destructive forces, a city report said.

wharf area, the report said. It noted that sales had declined at wharf-area establishments, suggesting that tourists, too, might be growing disenchanted with the neighborhood.

The wharf, occupying a spot on the edge of San Francisco Bay, offers stunning views of two landmark bridges and Alcatraz Island.

Until the early 1960s, the wharf was simply a port for fishing boats, and there was a handful of unpretentious restaurants in the neighborhood. Then a nearby chocolate processing plant was converted into an imaginative complex of restaurants and stores that began to lure people to the area.

From 1968 to 1987, more than 1,600 hotel rooms were added to the wharf neighborhood. Meanwhile, commercial developments extended farther and farther from the original two-block cluster of seafood restaurants.

No one chronicled the day when the wharf became more oriented toward tourism than fishing. But the former character of Fisherman's Wharf slipped away and "destructive forces," the Planning Department report said, were "unleashed by its very success."

Now, only about 30 fishing boats are home-ported at the wharf, instead of the hundreds that were once there. Most of the crab sold to tourists along the wharf has been thawed out after being flown frozen from Alaska or Washington.

There are 13 fish wholesalers left on the wharf and they purchase more seafood from other places than they do from local fishing boats. Local officials say they are working to reverse the trend but it will not be easy.

Five years ago, the Port of San Francisco Authority began developing a two-part plan to re-establish the importance of fishing at the wharf. It also hoped to attract local residents back to the area and restore some of its lost charm.

The plan called for construction of a 300-room hotel, as well as new facilities for fishermen.

Some fishermen are skeptical about ever reclaiming Fisherman's Wharf. Ron Strieskal, a salmon fisherman, predicted that the new hotel would be built, but not the fishermen's facilities.

"Corporations always get their way," he said. "The city wants the tourists here. They don't care about the fishermen."



An aerial view of San Francisco's Fisherman's Wharf, with Bay Bridge in the background.

Biden Outlines Campaign Themes

Democrat Urges 'New Era' of U.S. Economic Nationalism

By E.J. Dionne Jr.

WASHINGTON — Senator Joseph R. Biden Jr., laying out the broad themes of his Democratic presidential candidacy, declared that "the American economic dream has begun to evaporate" and that solutions lay "beyond the reach of government."

"What is required is a new era of American economic nationalism," Mr. Biden said in speeches released Thursday in Washington. He said this was "not a nationalism cast in xenophobia or isolationism, but a nationalism that reflects a shared sense of responsibility for our future" and "is distinguished by a commitment to excellence throughout our society."

Mr. Biden, through an accident of scheduling, became the first major Democratic candidate to offer a broad-ranging vision of the presidency since Gary Hart's withdrawal from the contest last week.

The speeches were intended to show that Mr. Biden, who is from Delaware and is considered one of the best orators in the Democratic Party, could back his passionate style with substantive proposals and ideas. For example, he sought a position somewhere between "soft-out protectionism" and "ideologi-

cal free trade," both of which he attacked.

But the addresses, at the University of Pennsylvania's Wharton School of Commerce and Finance, in Philadelphia, were notable less for their proposals, many of which have appeared already in the programs of other Democratic candidates, than for their vision of presidential leadership.

Mr. Biden's portrait of the office focused not so much on the president's role in solving problems as on his duty to inspire others to action.

Indeed, Mr. Biden, reflecting the new caution among Democrats toward economic planning, was at pains to play down the role of government in promoting an economic renaissance and criticized "the old Washington-based approach to economic policy."

"Isolated decisions cannot be made in Washington in the hope that government alone can recapture our leadership," he said. "Ultimate control over our economic fate is not vested in the hands of Washington policy makers."

Mr. Biden offered a number of examples of U.S. companies and educational systems that he said had adapted themselves to a more competitive world environment.

He singled out The Ford Motor Co. as a concern that "has achieved amazing increases in productivity and quality."

"No new law or government program can make other firms follow Ford's example, nor could they make other unions show the same openness to change and innovation," he said. "But the president always has his 'bully pulpit' and he should not hesitate to use it vigorously, to promote such productive ideas."

The speeches seemed designed to cast his own strengths as an orator and a visionary as paramount and the strengths of his adversaries for the Democratic nomination as secondary.

For example, both Governor Michael S. Dukakis of Massachusetts and former Governor Bruce E. Babbitt of Arizona have reputations as effective administrators. Representative Richard A. Gephardt of Missouri is known as an able legislative tactician and conciliator.

Mr. Biden, citing John F. Kennedy repeatedly, said that the best president must inspire America "to be on the march again."

"The role of a president in mobilizing society," he said, "is to convince all of our citizens that they



Senator Joseph R. Biden Jr., Democrat of Delaware, laid out the broad themes of his presidential candidacy.

can and must shape their own future and their nation's future."

Much of Mr. Biden's text focused on what he saw as the threat to the nation's once-dominant position in the world economy. He used the U.S. loss of the America's Cup in 1983 and the success of an American skipper, Dennis Conner, in recapturing it this year as a leitmotiv for how the United States declined and how it could recover.

"Control over our economic destiny has been endangered," Mr. Biden declared, "and that is the greatest long-run threat we face as a result of our current dilemma — the risk that we will no longer lead the world."

His policy proposals included many ideas put forward by other

U.S. Refuses to Exempt Illegal Salvadoran Aliens

New York Times Service

WASHINGTON — President Ronald Reagan has turned down a plea from the president of El Salvador to give temporary refuge to the thousands of Salvadorans who are living illegally in the United States.

The State Department said Thursday the United States had decided that it could not make an exception to its new immigration law, despite the impassioned request that President José Napoleón Duarte made last month on economic grounds.

In a letter dated April 10, Mr. Duarte asked Mr. Reagan to let the Salvadorans who were in the United States remain temporarily. He said that "the massive return of Salvadorans from the United States would add to the already disastrous levels of unemployment and economic crisis" in his country.

He said 400,000 to 600,000 Salvadorans, representing about 10 percent of his country's population, had entered the United States illegally since January 1982. They would not qualify for amnesty under the new law, Mr. Duarte said these Salvadorans sent money home that amounted to between \$350 million and \$600 million a year.

The new law, the Immigration Reform and Control Act of 1986, prohibits employers from hiring illegal aliens. It also offers legal status, or amnesty, to illegal aliens who can prove that they entered the United States before Jan. 1, 1982.

Mr. Duarte had asked Mr. Reagan to defer the deportation of Salvadorans by giving them a special status known as "extended voluntary departure." The Justice Department has granted a similar dispensation to individuals from Afghanistan and Poland and, on a more limited basis, to Ethiopians.

Some of the El Salvadorans have already begun returning home because they cannot legally be hired in the United States.

Huge Nonnuclear Test in U.S.

The Associated Press

WHITE SANDS MISSILE RANGE, New Mexico — What was billed as one of the biggest nonnuclear blasts in history took place Thursday with the detonation of more than 4,600 tons of explosives. The blast was designed to give scientists a realistic picture of what happens to military equipment and structures close to a large explosion.

AMERICAN TOPICS



BUDGET HOSTAGE — George (Buffy) Warner, a state senator in West Virginia, camped in his office in Charleston for six days without bathing or changing his clothes. He vowed not to leave until the legislature approved a \$1.49 billion budget bill. It was passed on Thursday, and he went home to shower and to celebrate his 36th birthday.

Prize Winners Find Glory Is Bittersweet

Winning a major prize like a Nobel, a Pulitzer or an Oscar may be an undoubted moment of glory, but winners of such awards told The New York Times of bittersweet dividends as well.

The playwright Lanford Wilson, who won a 1980 Pulitzer for "Talley's Folly," said he could understand why some writers feel blocked after winning awards. "Type" This is the next play by last year's Pulitzer Prize winner at the top of a page and try to write something underneath it," he said.

Dr. Steven Berglas, a clinical psychologist at Harvard University and author of "The Success Syndrome," says success heightens expectations, one's own and others' as well. "Each time you achieve something significant, people look for the encore," he added.

Some prize winners report a loss of energy, or a feeling that there are no more worlds to conquer. "Unless you are very competitive, you aren't likely to function with the same vigor afterward," said I.I. Rabi, who won the Nobel Prize in physics in 1944. "You know, it's like the lady from Boston who said, 'Why should I travel when I'm already there.'"

Short Takes

Goodyear Tire & Rubber Co. of Akron, Ohio, disputes the claim of a British company, Airship Industries, to be running the first dirigible flights for fare-paying passengers, in Oakland, California, since the Hindenburg disaster in which 36 persons were killed 50 years ago. Goodyear notes that it was selling tickets for a half-hour ride three days a week in one of its renowned airships in Florida as recently as 1983, and for \$7.50, not the \$150 an hour that Airship charges. Airship insists, however, that its own service is the first regularly scheduled one since 1937.

A million dollars isn't what it used to be. Fortune magazine says a million will buy you a 10-seat Learjet, but a used 1978 model with 5,000 flying hours on it, or a new one. A million will get you a house and swimming pool in Palm Beach, Florida, but not on the beachfront. A million used to be more than ample for a seat on the New York Stock Exchange, but one went for a record \$1.1 million last month. A million will also get you a Picasso from the painter's surrealist period or a yearling sire by the

More Refugees in Switzerland

The Associated Press

BERN — The number of foreigners seeking asylum in Switzerland doubled in the first four months of this year compared to the same period last year, the government said Friday. A total of 3,374 sought asylum from January to April, compared to 1,698 in 1986. Tamils from Sri Lanka and Turks were the largest groups.

R. Ellmann, Biographer Of Joyce, Dies

New York Times Service

Richard Ellmann, 69, whose 1959 biography of James Joyce became the definitive work about the Irish writer, died Wednesday in Oxford, England.

Mr. Ellmann, who was Goldsmith's professor emeritus of English literature at Oxford University, was stricken in February 1986 with amyotrophic lateral sclerosis, known as Lou Gehrig's disease.

Born in Highland Park, Michigan, Mr. Ellmann studied at Yale and served in the Office of Strategic Services in World War II. Afterward he did graduate work at Trinity College, Dublin, starting what would be a lifelong love affair with the Anglo-Irish literature.

Mr. Ellmann also edited Joyce's letters.

In 1982, in time for the Joyce centenary, he produced a revised edition of "James Joyce" with 100 pages of additional material. The book was published to renewed acclaim.

In addition to two books about Yeats, Mr. Ellmann also published essays about Beckett, Eliot, Pound and Auden, edited "The New Oxford Book of American Verse" and was co-editor of two anthologies of modern poetry. He also taught at Harvard, Yale, Northwestern, Emory, the University of Chicago and Indiana University and lectured widely.

Other deaths: Chiu Ho, 83, who built a financial empire in the Hawaiian Islands based on sugar plantations, apartment houses and publishing, Tuesday in Honolulu.

Wahid Raafat, 81, an Egyptian legal scholar and deputy chairman of the New Wafd opposition party, Tuesday in Cairo.

Victor Feldman, 53, a jazz drummer, pianist and vibraphonist who played with Woody Herman, Benny Goodman and Miles Davis, apparently of a heart attack Tuesday in Los Angeles.

Tsit Chen-chow, 40, the imprisoned head of the collapsed Cathay Plastics conglomerate, in Taipei on Thursday of complications caused by liver cancer.

Advertisement for the Canadian Lottery (Lotto 6/49). Features a large "\$1 MILLION YOU CAN WIN BIG!" headline, a photo of a couple celebrating, and a prize breakdown table. The table shows prizes for 1st, 2nd, 3rd, 4th, and 5th place, with corresponding prize values. It also includes a 'Play Today!' section with instructions on how to play and a 'When You Win' section.

LOTTO 6/49 SUBSCRIPTION ORDER FORM. Includes a grid for selecting numbers (1-49) and a 'FREE BONUS' section. It also contains a form for providing personal information (Name, Address, City, Country, Postal Code, Telephone) and payment details (Cheque, Bank Draft, Credit Card). A 'Pick Your Plan' section offers different subscription options (10, 25, or 52 weeks).

Herald Tribune

Published With The New York Times and The Washington Post

Stop Blaming Congress

The most audacious excuse made for the Reagan administration's Iran-contra disaster is that it was all Congress's fault. For some apologists, the reason that money for the Nicaraguan rebels had to be raised illegally was the middle-class action of Congress to ban official military aid.

That excuse was too brazen even for Robert McFarlane, the former national security adviser, during his testimony before the House-Senate hearings on the scandal. He not only refused to use it but declined invitations from friendly questioners to make Congress the defendant. Two weeks of House-Senate hearings fasten responsibility firmly on the White House. Far from obeying the law in letter and spirit, the Reagan administration struggled to defeat the will of Congress at every turn.

To Mr. McFarlane's credit, he refused to complain that the law known as the Boland Amendment was as complex or vague as most of its violators have claimed. It said, simply, stop giving military aid to the contra. What is said, then, is to find Mr. McFarlane, who was often a force for moderation in this administration, in the ranks of its violators.

The White House created its own cadre of public officials and private dealers to smuggle money and arms to the contra. Worse, these officials shirked their duty to inform Congress of covert activity. And they covered up the record and even remained silent when potentially incriminating documents were shredded. The problem was not that Congress interfered excessively in the subtleties of foreign policy. It was much simpler: the Reagan ad-

ministration straight-out lied to Congress. For example, when Mr. McFarlane was asked last year what he knew about contra fund-raising by members of his NSC staff, he told the House intelligence committee, "I have no idea of the extent of that or anything else." In fact, he had been active in obtaining \$32 million from Saudi Arabia. Even then confronted, Mr. McFarlane could only admit that he had testified "inappropriately" and "it wasn't a full account."

When the scandal of ransoming hostages with arms began to break, Mr. McFarlane misled the Justice Department as to what he knew about weapons shipped from Israel to Iran. Most dishearteningly, when his former aide Oliver North told of the need for a "shredding party," Mr. McFarlane failed to argue against it and failed to warn the attorney general, or anyone else.

Such flagrant infractions thunder by comparison with any failure by Congress to write clearer laws or assert clearer policy. The frustrated House committee chairman, Lee Hamilton, asked Mr. McFarlane on Thursday, "How can our system of government work if the administration is not candid in its answers to Congress?" And he reminded Mr. McFarlane that he spoke for President Reagan and not himself alone when he dealt with Congress.

In response, Mr. McFarlane had the good sense to say, just before leaving the witness stand, "There is no rebuttal." Right, but there remains a need for the administration to stop blaming Congress and own up to its own past lies.

—THE NEW YORK TIMES

For Every Reduction . . .

Newton's third law of motion finds a parallel in modern arms control: For every prospective reduction in one class of arms there are inevitably increases in others.

Take the first strategic arms limitation treaty, SALT-1 of 1972. The treaty froze the number of Soviet and American missile launchers. But it did not limit the number of warheads to be carried on top of each missile. So both sides proceeded to increase them.

Take the SALT-2 treaty of 1979. It limited increases in ballistic missiles and ballistic missile warheads. But it did nothing to limit cruise missiles. Both sides started to deploy them by the thousands.

Now Moscow and Washington are nearing agreement on reducing medium-range and perhaps shorter-range missiles in Europe and Asia. Moscow could end up destroying some 2,000 weapons as against about 220 for Washington. That would still leave each side with more than 4,000 nuclear

weapons in Europe alone, and many thousands more elsewhere. Yet some European and American leaders and defense experts find that inadequate.

They have turned their inventive skills to ways of adding to the immediate European arsenal even while reductions are on the negotiating table. The Pentagon contemplates "covert" actions like stationing long-range B-52 bombers in Europe for the first time, and putting more nuclear-armed cruise missiles on submarines and positioning them near Europe.

Former Secretary of Defense Harold Brown described some of these ideas as "goofy." So is the underlying mentality. For arms control actions to be met with equal and opposite reactions is a tribute neither to Newton nor intelligence but to mindless reflex. Try modernizing the F-111s already in Britain if something must be done.

—THE NEW YORK TIMES

Our Endangered Shield

The arduous process of fashioning an international agreement to limit production of chlorofluorocarbons, or CFCs, goes on. CFCs are the chemicals thought to be depleting the ozone layer that shields the Earth from ultraviolet radiation. At some point a thinner ozone layer is thought likely to mean an increase in skin cancer, smaller crops, weaker plants and an acceleration of the "greenhouse effect" in which man-made gases alter the Earth's climate.

In 1978 the U.S. government banned the use of CFCs in aerosol sprays. But most countries have not done even that. And these hardy substances, which tend to escape eventually into the atmosphere, are also used in air conditioning, refrigeration, the manufacture of foam products and as solvents.

On other major environmental issues, the Reagan administration has prided itself on playing the skeptic. On this it began in the same vein but, thanks partly to the Environmental Protection Agency administrator, Lee Thomas, has lately spun around to become a leading voice for world controls. Its position in the latest round of talks was

that world production of CFCs should be cut as much as 95 percent in 10 to 14 years. The talks, under United Nations auspices, have now produced a draft agreement calling for a production freeze at 1986 levels beginning perhaps in 1990, then a cut of 20 percent over two years, then possibly a further cut of 30 percent two or four years after that.

There will be further drafting sessions. Optimists think an agreement could be signed, and that producing governments could begin the ratification process by this fall. They think that a 50 percent production cut, while not enough itself to cleanse the atmosphere, would encourage the development of competing products.

There continue to be within the Reagan administration, pockets of resistance to the official position. But this is an issue on which U.S. industry, partly because it expects to come up with alternative products, has been remarkably cooperative. An enormously important achievement now seems to be within the administration's grasp, and no one should be allowed to spoil it.

—THE WASHINGTON POST

Investing in Air Safety

Who is right? The National Transportation Safety Board, citing "an erosion of safety" in the U.S. air traffic control system, calls for immediate reductions in peak-hour flights. The Federal Aviation Administration acknowledges increasing strains on the system, but argues that the margin of safety remains high.

Travelers should not have to second-guess the experts. Whichever agency is wrong, the only right answer remains to spend ticket and fuel tax revenues intended for a safer and more convenient system. Some \$5 billion lies unused in the Aviation Trust Fund, held hostage to political games over the federal budget deficit. The government's failure to spend the money borders on scandal.

Federal air regulators could improve safety and end infuriating delays overnight. The FAA already limits runway use to a handful of big airports, and could order further restrictions. The benefits, however, would come at great cost. Airlines bunch flights at peak hours to meet travelers' needs. Smoothing schedules would lengthen average connection times and reduce the number of flights to smaller cities. Costly or not, increased future demand for runway space will almost certainly force tighter rationing. The most efficient controls would give those

carriers that really valued peak-hour space the way to buy it. The FAA might, for example, charge premium landing fees for peak hours and cut fees at other times.

In the longer run, there is no practical alternative to expanding the aviation infrastructure. Congress acknowledged that in 1982, when it approved the National Aerospace System Plan and set user taxes to pay for it. But both these taxes and air traffic expenditures remain items in the federal budget. And in the crunch to cut the deficit, neither Congress nor the administration has been willing to spend all the fund's revenues.

Meanwhile, there are fewer air controllers in the towers than in 1981. Programs to replace traffic control computers and add airport runways have fallen years behind schedule. The first step is to release the \$5 billion surplus in the trust fund. A more enduring reform supported by the airlines would create an independent public corporation, funded entirely from user charges, to manage the aviation infrastructure.

Not all travelers are likely to be eager to invest tens of billions in new computers and concrete. But no travelers would prefer enduring endless delays or trusting a system that may or may not be safe.

—THE NEW YORK TIMES

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OPINION

Fighting Off a Real Philippines Revolution They Knew But Simply Shrugged

By Raymond Bonner

NEW YORK — Three decades ago, the United States launched one of its first counterinsurgency wars, in the Philippines. The "enemy" was the Huk, an army of peasants with legitimate grievances and a Communist ideology. This covert campaign, a combination of paramilitary operations and political reforms, was probably America's most successful counterinsurgency war.

Today, even as covert operations in Central America are being scrutinized by Congress and by a special prosecutor, President Reagan has reportedly signed another "finding," authorizing increased covert activity by the Central Intelligence Agency in the Philippines. A considerable number of U.S. military officers have arrived for duty in Manila, direct from their experience with counterinsurgencies in Central America.

Deep inequities remain after the Marcos ouster. Reform cannot wait; the Marxist rebels will not.

The enemy in the Philippines is again the Communist; but this time the United States might not be successful, at least not unless President Corason Aquino shows a greater willingness to address the issues of economic disparity and the power of the elite that the Communists are exploiting to gain adherents.

It may seem surprising that President Aquino, who professes as a nationalist and committed to reform, has turned to the CIA and the Pentagon, even criticizing the latter for not providing more assistance. But she has welcomed the Americans rather than take on the Philippine elite.

Back in December 1985, when Mrs. Aquino was beginning her campaign

wealthiest class, has been unwilling so far to alienate them.

In a country where at least two-thirds of the population lives in rural poverty, a land redistribution program would be the most visible demonstration that Mrs. Aquino is committed to a more economically just society. Yet, for more than a year, President Aquino has squandered her authority, moral and legal, to implement land reform.

At a minimum, she could have set an example by agreeing to turn over a small part of her family's 12,000-acre (4,900-hectare) farm to peasant workers. She has not even done that. Indeed, she once said that the farm workers there, who toil in the blister-

ing sun for a few dollars a day, were better off than a peasant who owned his own plot; a statement that startled American diplomats in Manila.

Mrs. Aquino's failure to root out corruption has also caused concern among many Filipinos. In a recent cover story, the Far Eastern Economic Review recounted charges of cronyism, nepotism and corruption in the Aquino administration. A disturbing article, it is instructive for those whose sharply critical views of Mr. Marcos have been replaced by a faithful embrace of Mrs. Aquino. Her personal probity may be beyond reproach, but she has not demanded the same high standards of others.

Illustrative of her lax approach is the case of Ernesto Maceda, once a Marcos operative. In the 1969 presidential election, he flew around the country in an air force plane distributing envelopes filled with pesos to mayors and local political captains.

Despite objections from her close advisers, Mrs. Aquino appointed Mr. Maceda to a cabinet position, dismissing him only when charges of corruption in his agency could no longer be ignored. But she then put Mr. Maceda on her slate of senatorial candidates, and he was expected to win a seat (though the official results will not be known for several days).

Mrs. Aquino is often compared favorably with President Raul Alfonsin of Argentina. But unlike Mr. Alfonsin, who has acted decisively to help restore democracy in his country, Mrs.

Aquino has not taken actions against military officers responsible for torture, killings and other human rights abuses during the Marcos years.

The February 1986 ouster of Mr. Marcos has been termed a "revolution." But it was not. It was an uprising that resulted in the defeat of a corrupt dictator but not in any alteration of the economic and political structure. A revolution in the Philippines still seems inevitable. It can be a peaceful, democratic one, or it can be a Communist one.

General Edward Lansdale, who led the counterinsurgency against the Huk in the 1950s, noted at the time that the Philippines had "a government of the privileged few, not of the people." In the mid-1960s, the CIA, in a secret national intelligence estimate, observed that the Philippines was beset by "land hunger in the countryside, unemployment in the cities, and a grinding poverty for the overwhelming majority of the people." Without a program to address basic domestic socioeconomic problems, the agency stated, "nationalism and discontent are likely to lead themselves to leftist exploitation."

We have no evidence today that these warnings have been heeded; that the lessons of Vietnam — that covert and military operations alone cannot defeat the Communists — have been learned.

The writer is author of a book about the Marcoses and the making of U.S. policy toward the Philippines. He contributed this to The New York Times.

Will Gorbachev Disturb the Peace Of This Division?

By William Pfaff

PARIS — John Foster Dulles, who was later to become President Eisenhower's secretary of state, wrote in 1935 that "those whose lives fall in pleasant places contemplate with equanimity an indefinite continuation of their present state."

Mikhail Gorbachev is a disturber of the peace and may soon make West Germany and the rest of the West anxious places. There are credible reports that the Soviet leader is about to make a proposal on the unification of Germany. There are also credible denials. The affirmers say that an initial move should be expected as early as Mr. Gorbachev's visit to East Berlin late this month.

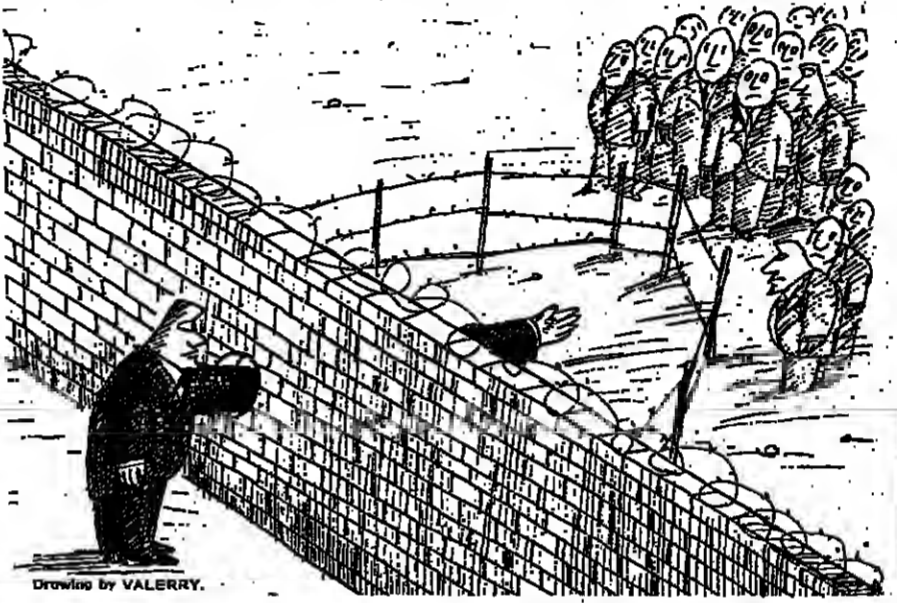
These reports already have had an impact on West German opinion, where the presumption is that he would offer unification at the price of Germany's "neutralization." This implies an end to NATO as it now exists.

If such an initiative should come from Moscow, the Western powers would have every reason to raise against the idea of Yalta — of Europe's partition, as well as Germany's.

But the West is unprepared to do any such thing. For 30 years it has been all but impossible to get U.S. officials to address the possibility of radical political change in Europe. For them, the postwar order of a divided Germany in a divided Europe was immutable, even highly satisfactory, for just the reasons Mr. Dulles described.

Thus, almost anything Mr. Gorbachev does in this matter will make the most terrible trouble. That, for him, is one good reason for doing it. But it might be that he has better reasons. He may have counted the military and economic costs to Moscow of the existing NATO-Warsaw Pact confrontation and decided to reduce those costs by looking for a political settlement in Central Europe, which German unification implies. Possibly he has grasped the long-term risk to the Soviet Union that exists in Eastern Europe.

Chancellor Helmut Kohl of West Germany says that nothing new has come from Moscow. But he says that the German question "remains open." Both the parliamentary leader of the Christian Democratic Party, Alfred Dregger, and



Drawing by VALERIE.

former Finance Minister Otto Lambdorff, a leader of the conservative Free Democrats, have said they expect a unification proposal. Reports from East Berlin, though, deny this. The suggestion has been made that it is a maneuver to undermine Mr. Gorbachev.

So it is quite conceivable that nothing will come of all this. The possibility that there is something in it must, however, be considered. It would not be unprecedented. The Soviet Union made proposals implying German unification in 1952 and 1953. Two years later, the Soviet Union withdrew from Austria, allowing the formation of a free, democratic, nonaligned government there. Germany, of course, is a major power, not a minor one like Austria.

If a proposal for German unification should be offered seriously, it will frighten people and provoke enormous controversy, above all in West Germany. Polls there indicate that 70 percent of the public favors unification and East-West nonalignment. That result was obtained when the poll question expressed an idea standing up if Mr. Gorbachev confronted West Germans with the prospect of dizzying and destabilizing change, with modification or loss of Western guarantees and, presumably, a big change in Germany's relationship to the West European political and economic community.

Outside Germany, a unification proposal would provoke confused but negative responses. Mr. Gorbachev would be disturbing the Western

peace. But an unthinkingly negative reaction from the allies would make things worse inside Germany. It is hard to imagine a more irresponsible response from Washington and the West European capitals than simply to say "no." It would be worse, than simply saying "yes."

Sooner or later foreign troops will be withdrawn from Germany. The questions are when, how, at what cost, and leaving behind what kind of Germany and Europe — stable or unstable. The risk for Moscow is to be left with an uncontrollable situation in Eastern Europe. Its opportunity is to establish a new security relationship between the Soviet Union and Europe that rests on consent and mutual interest rather than force and the suppression of East European independence.

The Western drift is toward unilateral U.S. force reductions, made for budget reasons amid scrutiny over burden-sharing and economic competition. This would weaken the West.

The problem of Central Europe must be confronted, and Mr. Gorbachev may do us a favor by compelling us to face it. Relations in the Western alliance are getting worse, not better, and Eastern Europe is a remorselessly ticking time-bomb.

One would like to believe that even now serious people in Washington are thrashing out proposals on European troop withdrawal and political and security settlements — proposals to match or better what may come from the East. One prays; but one doubts, alas, that this is so.

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Looking Anew at the World According to Jackson

By David S. Broder

WASHINGTON — When the Reverend Jesse Jackson broached the idea of a black running for president a bit over four years ago, he said, "The fundamental relationship between blacks and the Democratic Party must be renegotiated." His performance in the 1984 primaries brought controversy galore, but also credibility to his effort.

Recently, the National Journal campaign, Mr. Jackson was "looking for respect." But that was before Gary Hart withdrew his candidacy. Now Mr. Jackson is the only Democratic hopeful with prior presidential campaign experience. He can claim the largest identifiable bloc of national support. Understandably, his aspirations are now much greater.

And journalists must now change the way they report on him. Most, myself included, have spent considerable time

reporting his political tactics and his verbal pyrotechnics. We have focused on the questionable character of some of his supporters and the increasing racial, ethnic and economic diversity of some of his audiences.

But we have paid too little attention to what Mr. Jackson is saying. Voters evaluate the messenger and not just the message. But the content of what he is saying is obviously important to the political future of the United States. And his views have been summarized conveniently in a new book, "Straight From the Heart," a selection of speeches that he calls "a comprehensive, representative collection of my thoughts and ideas."

Given the heated emotions Mr. Jackson stirs when in full cry, it helps to read his speeches in cold type. This book makes it clear that Mr. Jackson

has a fully developed, internally consistent view of the world, rooted in a religious philosophy that underlies all his political views. "At the center of every political, economic, legal and social issue is the spiritual, moral and ethical dimension," he writes.

But the distinctive element in his politics and his view of foreign and domestic policy, derives from his historical perspective. For Mr. Jackson, it is clear, the crucial American experience was not the Revolution or the frontier or the New Deal. It was slavery. The crucial test of current values and policies, he asserts repeatedly, lies in dealing with the heritage of slavery: discrimination and racism. His Rainbow Coalition includes others who share the legacy of poverty and powerlessness, but the bars to slavery are at the coalition's heart.

Other Democrats may define their political base in regional, generational or philosophical terms. Only Mr. Jackson would say, as he did to the last Democratic convention, "my constituency is the damned, the disinherited, the disrespected and the despised." These are the descendants of slaves whom he sees among the economic losers in today's America.

The same viewpoint shapes his view of international policy. While most politicians see the world in terms of great-power relations, Mr. Jackson focuses on the struggle of nations emerging from colonialism and on peoples still denied self-determination.

Whether the issue is South Africa or corporate power, he urges a reversal of power: majority rule in South Africa and employee influence in the boardrooms. "We must look at every aspect of United States foreign and domestic policy that has favored the rich over the poor, the few over the many," he says. "As a nation, we must change direction."

Even though his "Ten Commandments for Excellence in Education"

could be endorsed by the conservative U.S. education secretary, William Bennett, the change Mr. Jackson recommends is radical. He does not propose to tinker at the edges of policy; he proposes to turn it upside down and shake out of the United States and the world the elements of economic and human exploitation he finds unacceptable.

Mr. Jackson also has a theory of social change. It argues that an organized and self-conscious minority can gain sufficient leverage to extract major change and concessions from apparently stronger ruling powers.

That is why his candidacy demands close attention even from those who assume he will never gain the presidential prize he seeks. The man has a political base; he has a strategy; and he has ideas. And that combination should never be ignored.

The Washington Post

The New York Times

LETTERS TO THE EDITOR

Barbie's Other Work

The only thing missing from Ted Morgan's report, "U.S. Role in 1947-51: Helping Agent Escape" (May 11), was a description of what services Klaus Barbie gave to the U.S. Counter Intelligence Corps that were deemed so important. Other than saying he was responsible for "recruiting agents and conducting interrogations" — hopefully not using techniques he perfected in Lyon — there is no clue as to why he was considered so important.

Perhaps his work was so important that it must be kept classified; or, what seems more likely knowing how armies operate, he was part of a machine that did not accomplish much at all, but once the act of using him started, everybody tried to cover their own backsides by taking care of his.

JOSEPH D. POLICANO, Paris.

Pesticide Propaganda

Regarding "In Defense of Pesticides" (Letters, May 5), the World Wildlife Fund's plant conservation program disagrees entirely. Rachel Carson was prophetic when she wrote "Silent Spring." The manufacturers attempted in vain to silence her by resorting to propaganda issues. The makers of agrochemical products have much to answer for.

J.R. McMAHILL, Brienzenwil, Switzerland.

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IN OUR PAGES, 75 AND 50 YEARS AGO

1912: A King Is Dead

PARIS — [A Herald editorial says:] The sudden death of King Frederick VII of Denmark [on May 14] will be lamented outside of his own little kingdom by millions who admired the simplicity of his life. It will put many Courts in mourning. He was the brother of the Queen Dowager of England, the Dowager Empress of Russia and King George of Greece. The circumstances in which Frederick VII died were distressing, but there had been a warning in the apocalyptic attack with which he was seized while walking near Copenhagen in January last. A sojourn on the French Riviera seemed to bring complete recovery, and it was while on his way homeward from Nice that he suffered the second, and fatal, attack while walking in the streets of Hamburg. His son, Crown Prince Christian, succeeds to the Throne.

1937: Old-Age Pensions

NEW YORK — Harry L. Hopkins, Federal Relief Administrator, today [May 15] told an audience composed of students at the Teachers College here that old-age pensions and relief were essential as long as some magic formula had not been found for the elimination of unemployment. "We have got to give old-age pensions and unemployment relief because we cannot eliminate unemployment under our system," he asserted. "It just does not make sense that in a country with riches like this one, one-third of the population should be ill-fed, ill-clothed and ill-housed. I think it will take twenty years to see a decent living standard, with every child decently clothed and given a free education." Mr. Hopkins insisted that every cent of President Franklin D. Roosevelt's recommended \$1.5 billion would be needed for relief.

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NATO Urges Ban on All Intermediate A-Weapons

By Francis X. Clines
New York Times Service

EDINBURGH — The politics of Scotland resound with grand experiments in Britain's national attitude.

From the past stand vast tracts of government-built housing towers that rival those of the Bronx or Moscow for bulking silhouette and human frustration. In recent years they have become the receptacles for some of Britain's hardest-pressed unemployed.

From the present looms a radical property tax overhaul that the Conservative government of Prime Minister Margaret Thatcher, though enjoying the fealty of only three out of 10 of Scotland's parliamentary members, is preparing to impose on a wary constituency in a tryout for the rest of Britain.

Scots, Feeling Neglected, Bid Fair to Give Tories a Tough Election Battle

And in the immediate future simmers the June 11 election and some of the toughest multiparty turf fighting in Britain.

Strategically, both the upstart Liberal-Social Democratic Alliance and the embattled Labor Party are pursuing the politics of embarrassment, vowing to end the careers of Mrs. Thatcher's key elected Scottish ministers in the main parliamentary bouts of Edinburgh.

Only 21 of Scotland's 72 parliamentary seats are held by Mrs. Thatcher's Tories and this number could fall to 14 or fewer in the election, according to the latest polls in Scotland. The Scots have seen almost a third of their manufacturing jobs lost under Mrs. Thatcher while unemployment more than doubled, to 14 percent,

with 346,200 out of work, most of them for a year and longer.

The Scots' frustration at feeling unheeded in London is deep. The basic problem seems mathematical; they make up less than 15 percent of the House of Commons and the Thatcher machine has been able to absorb Scottish defection.

The opposition's goal is what is being described as the doomsday scenario — defeating enough Conservatives so that there will no longer be enough Tory Scots to stock a knowledgeable ministry on Scottish affairs.

5 Arrested In Cyprus Poison Plot

Nicosia — A Greek Cypriot woman has been arrested in a Nicosia suburb in connection with a plot to blackmail the nation for \$15 million. The woman and four other suspects have been accused of threatening to poison thousands of people with deadly dioxin gas, said the Nicosia police chief, Frixos Yianguou.

Another woman and three men were arrested by anti-terrorist detectives in London on Thursday in connection with the plot. Mr. Yianguou said those detained, all related, were Cypriots but some held British passports.

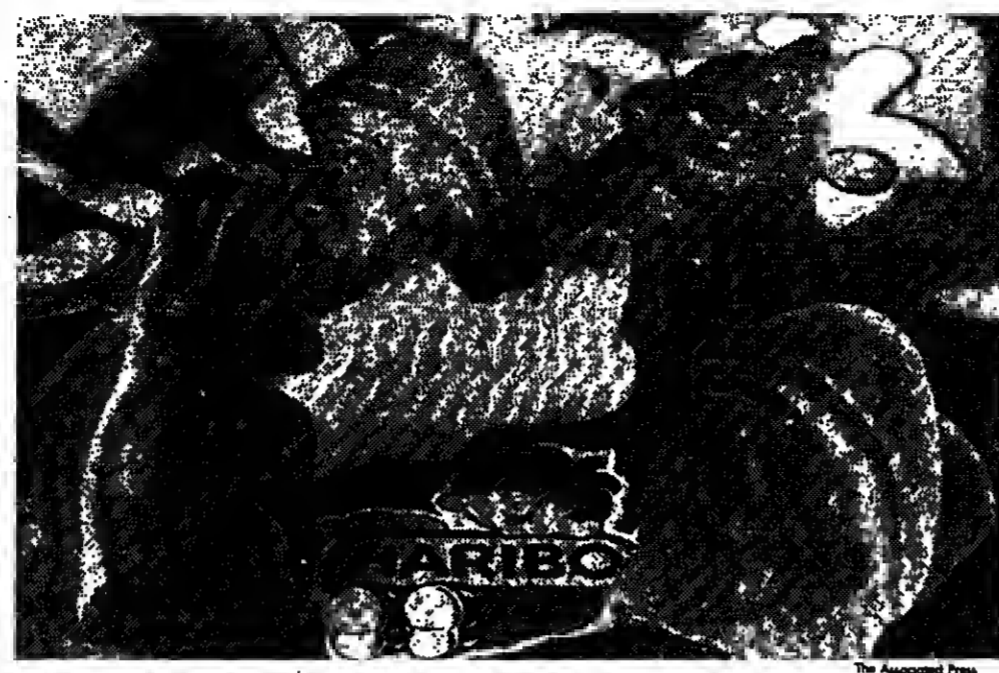
Dioxin is a potentially fatal poison gas that can cause skin blisters and heart and liver damage. It can also affect the central nervous system.

Mr. Yianguou identified the woman arrested in Nicosia as Thekla Andreou Halloumou, 21. He said she is the sister-in-law of Panos Koupparis, 36, who is suspected of leading the group.

Mr. Koupparis, his wife, Kika, 28, and his two brothers, Jason and Andreas, were arrested in London. Mr. Yianguou said the Cyprus government is considering asking for their extradition.

He said the threat to release the dioxin was first received in the form of a 13-page document sent to the presidential palace more than six weeks ago. It was signed by "Commander Nemo of Force Majeure."

The extortionists had threatened to release the dioxin gas near the capital, Nicosia.



Gummy candies like these have become the subject of a U.S. craze. West Germany shipped an estimated 70 million pounds of the rubbery confections to the United States in 1986.

GUMMI: West German Candy Is a Cult Craze in U.S.

(Continued from Page 1)

years ago, and they are delighted. Gummy products go for an average of \$1.10 a pound at the wholesale level. At Bloomingdale's in New York City they cost \$3.75 a pound, while Marshall Fields in Chicago sells bears in bulk for \$5.50 a pound.

The candies are a simple mixture of corn syrup, sugar and gelatin, which is boiled, combined with a variety of flavorings and colors, and then poured into molds of various shapes and sizes. Besides bears and earthworms, the shapes include spiders, butterflies, soft drink bottles and coins. Some of the shapes tend toward the bizarre.

"We're selling gummy rats down at our Texas branch," said Michael Spahr, candy buyer for Bloomingdale's. "They are really hot right now."

Rats? Texas? "Sure, there is a life-sized rat on the market," said Dieter Schoss, president of West Chocolate GmbH in Karlsruhe, West Germany's largest exporter of gummies to the United States. "Perhaps something about biting a big rat's head off appeals to Texans."

But Mr. Schoss is quick to point out that most consumers prefer the bear. And while the product is simple, he said, the process behind it is "unbelievably sensitive."

"Anyone can buy the machines and make gummies," Mr. Schoss said. "But to make high quality gummy bears takes a very special know-how, that at most four companies in Germany have. Naturally, we are one of them."

What makes gummies different is they are made with gelatin in the base, therefore they don't stick to your teeth," Mr. Babiarz added.

"It's also the taste, the flavors are more exciting because the quality of flavorings has improved over the years. Also, the gelatin is a good extender, so they have less sugar and fewer calories than many other small candies."

Mr. Schoss takes a more political view.

"Why is the bear so popular?" he asked. "I really think it has to do with President Reagan and the return of the 'Strong American' image. The bear is a symbol of strength. And Americans have always had a sweet tooth."

Back at Haribo, the bear's original lair, Mr. Bicken smiles knowingly when asked what makes the gummy bear a treat.

"There are many theories," he said. "But I'll tell you why. First, they have a soft drink taste that you can chew. Second, people like to chew, it's a primal drive, but unlike chewing gum, a bear gives you flavor up to the end and then you can swallow it. Third, the fruity-sour taste is a treat that America is

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Genscher Pins Hope on Vote

BONN — The small liberal party of Foreign Minister Hans-Dietrich Genscher, holding the balance of power in West Germany's coalition government, is hoping to extend its role when voters in two states go to the polls on Sunday.

Mr. Genscher, who is at odds with Chancellor Helmut Kohl's Christian Democratic Union over Soviet disarmament proposals, is looking to the state elections in Hamburg and the Rhineland-Palatinate to strengthen his hand.

Opinion polls indicate that Mr. Genscher's liberal Free Democrats will make the gains they need in both states to win more than 5 percent of the vote and re-enter the two parliaments.

Mr. Genscher, who advocates acceptance of proposals by the Soviet leader, Mikhail S. Gorbachev, to scrap shorter-range as well as medium-range missiles in Europe, faces opposition from a solid Christian Democratic front in the West German cabinet.

Ex-Dominican Leader in U.S.

ATLANTA — The former president of the Dominican Republic, Salvador Jorge Blanco, 57, has entered Emory University Hospital for treatment of a heart ailment, officials said.

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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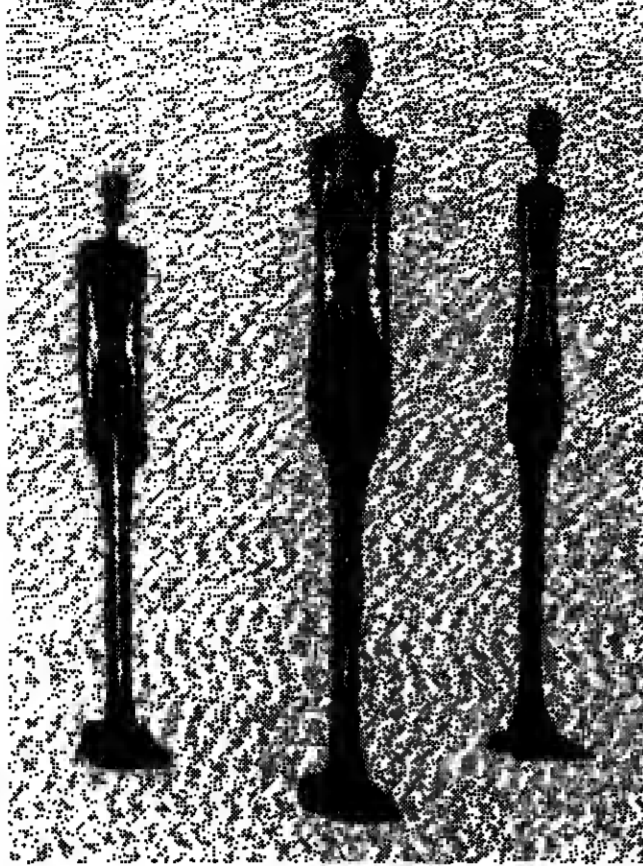
Art Market's Second Big Bang

NEW YORK — The sales of Impressionist and modern art here this week have given the full measure of the extraordinary transformation that the art market has been undergoing since the beginning of the season.

The big bang witnessed in New York in November, which continued in London in December, was not an isolated accident. The inflationary explosion has just repeated itself. Within three days, from Monday to Wednesday, Sotheby's

and Christie's sold \$133.5 million worth of pictures and sculpture. The market has been stormed by new buyers whose increasing self-confidence coupled with a willingness to accept auction house catalogue descriptions and estimates at face value, is sending prices sky high.

There were some astonishing cases during the opening round at Sotheby's on Monday. An outdoor portrait, a clown's head, by Georges Rouault, sold as one of 14 works from the collection of the late Sam Spiegel, the Hollywood producer, surprised even the most stolid professionals as it more than doubled its highest estimate. Even the Japanese bidder who determinedly went up to \$930,000



Giacometti's bronze female figures, sold in New York.

looked aghast as he yielded to an anonymous \$950,000 — \$1,045,000 with the 10 percent premium. Immediately after, a Cubist portrait of a clown, "Arlequin Assis," done by Juan Gris in 1923 nearly doubled its high estimate with greater justification.

The last of Spiegel's 14 modern paintings again almost doubled the high estimate: Francis Bacon's "Pope No. 3," showing the bust of a pope seemingly floating over an almond-green high-backed seat, soared to \$962,500, a huge figure possibly reflecting a rebound effect

from Christie's record \$1.76 million set for Bacon last week. Measured on that scale, the masterpiece in Spiegel's collection, a superb landscape by Paul Cézanne done around 1898-1900, was inexpensive at \$3.19 million. The sizeable picture, 25 1/4 by 21 1/4 inches (65 by 54 centimeters), illustrates the fully developed style of the Montagne Sainte-Victoire watercolor period, when the artist had given up his earlier Impressionist manner. The quarry emerging from clusters of trees is handled in a way that anticipates Cubism, with a prismatic perception of light. Not surprisingly, it was given a prominent place in the traveling exhibition of Cézanne's "late work" seen in New York, Houston and Paris in 1977-1978. This is a powerful selling argument these days. It may have helped the Cézanne to sell close to Sotheby's high estimate, but it was not enough to give it the push needed to sell in proportion with the more obvious and frequently hackneyed works that appeared to be the order of the day.

In the hour that followed, intermittent explosions of enthusiasm greeted the most banal pictures. It started from the beginning with a still life of roses in a vase that is still just saved from being an academic exercise by Fautou-Latour's skill. The quality of his delicate brushwork has suffered from the savage cleaning and varnishing techniques favored by the U.S. trade, which have severely damaged countless paintings. An unconditional admirer of the French master optimistically paid \$385,000 for the roses, doubling Sotheby's high estimate.

Flowers were sought after that evening. Only minutes later a representation of a porcelain bowl filled with fluffy flowers climbed to \$852,000, close to twice Sotheby's middle estimate. Not even Renoir's fame accounts for this outburst.

There were greater surprises. Gauguin's snowy landscape, done in 1883 when he was little more than a young follower of Impressionism, is the last picture one would expect connoisseurs to go wild about. It tripled Sotheby's high estimate at \$2.09 million. Another work in picture-postcard style, Monet's "Pont dans le Jardin de Monet," dated 1900, had an inflammatory effect. This may have had something to do with the family Far Eastern whiff given by an arched wooden bridge over a pond. It was also helped by the palette in mauish pink, acid yellow and turquoise green favored by the artist in his earlier and more inspired days. But \$2.86 million, well above Sotheby's high estimate, is a totally unexpected price for a landscape that was sold at auction as recently as December 1984, when it realized £1,056,000 (the equivalent of \$1,256,000 at the time).

Just as Gauguin's name propelled his landscape to unwarranted heights, so did Picasso's have a magical effect on a still life of flowers in a vase. Dated 1901, it is handled in a Post-Impressionist manner. At \$2.14 million, the vendor has every reason to congratulate himself. Trade rumor has it that the dealer who consigned it for sale to Sotheby's paid less than half that a few months ago.

In such a context, rarities carrying famous signatures could only be expected to do brilliantly. The portrait of Eugenia Primavesi painted by Gustav Klimt in 1912-14 established a new record at \$3.85 million. The face done in purely academic style forms a disconcerting contrast with the bold, almost abstract handling of the standing figure and the background. The picture was sold by the sitter's daughter, whose portrait, also by Klimt, hangs in the Metropolitan Museum. The proceeds are to go to a children's hospital.

As the daughter, Mária Primavesi, now in her 80s, slowly walked through the crowds that thronged Sotheby's rooms the day before the sale, with the graceful, elegant dignity of the Vienna of yore, she recalled how Klimt had come to their country house in Moravia (now in Czechoslovakia). There were endless studies in pencil and watercolor. Klimt kept reworking the portrait. In the end her father, Otto Primavesi, had to go to Klimt's studio and take the canvas from the artist before the paint had even dried.

"It was such a different world, you know," she said. "It was not the money that mattered first. It was who you were."

On Tuesday at Christie's money mattered more than ever. The modern paintings and sculptures acquired by Baron Lambert to give the headquarters of the Banque Lambert a rarified appearance did



Portrait of Eugenia Primavesi by Gustav Klimt.

even better than his collection of contemporary art a week earlier.

Three large standing figures by Alberto Giacometti never seen at auction before doubled their estimates in a crescendo of prices all topping the previous record. "Grande Femme Debout III," a spindly figure 92 1/2 inches (235 centimeters) high, cast in 1960 in an edition of six, soared to \$2.53 million. "Grande Femme Debout I" to \$3.08 million and "Grande Femme Debout II" to \$3.63 million.

As in Sotheby's sale, extraordinary prices were paid for second- or third-rate pictures. Renoir's bowl of flowers of the late 1890s was inordinately expensive at \$407,000, nearly twice the high estimate. But so were Sisley's hastily sketched landscape "La Croix-

Blanche à Saint-Mammes" at \$638,000, Monet's confused view of a French village under snow, "L'Avancourt, l'Hiver" at \$726,000 or van Dongen's café society portrait of a "Lady with a Siamese Cat," bought by a Japanese collector for \$495,000.

The feverish buying, the huge sums involved, at times smacked of roulette rather than the market as it used to be. There seemed to be a lot of spending for spending's sake. Some dealers say the phenomenon is here to stay. Buying art is now more than a status symbol. It has become a social habit, according to experienced observers like Daniel Malingue who oscillate between Paris, London and New York.

Mária Primavesi was right. This is a different world.

Avant-Gardists Ruffle Vienna

By John Rockwell
New York Times Service

THE big news in Vienna this season — culturally speaking, that is — has been the takeover of the Burgtheater by West German avant-gardists. Traditionalists are shaking their heads in dismay, but the theater — the Burgtheater itself and the separate Akademie-theater, under the same company's auspices — are full, and the press response has been enthusiastic.

The Burgtheater counts as the most distinguished in the German-speaking world, but it had fallen on, if not hard times, at least uncomfortably soft times, with productions and repertory deemed sadly conservative by innovators.

In recent years the most prestigious German-language theater has come from a director named Claus Peymann and his team of directors, scholarly Dramaturgs and actors in Bochum, West Germany. The solution of the mayor of Vienna, Helmut Zilk: Import not just Peymann but his key team members, as well.

Their arrival ruffled some feathers, especially when Peymann slighted established Burgtheater actors, cut prices, stripped privileges from the grumpy conservative subscription audience and set about attempting to reform crippling union restrictions backstage. At first, he contented himself with importing his best productions from Bochum, most notably his staging of "Die Hermannschlacht" by Heinrich von Kleist. But everyone was awaiting his first new production for Vienna, "Richard III."

The result has been greeted as a triumph by the German and Austrian press. Gert Voss, one of the Bochum actors, creates a marvelous Richard, perhaps characteristically Germanic-Expressionist (Richard as Dr. Strangelove) but arrestingly powerful.

For Peymann — and for Shakespeare — "Richard III" is about death. Karl-Ernst Herrmann's raked stage slopes down to a central station, from which an evil smoke pours forth (it almost seems to reek of death, although actually there is no odor). Vultures circle in the air, and dogs bark in the distance.

The effects are spare but powerful: a child's kite tosses helplessly in the wind; spears thunder down from on high and stick in the ground. Peymann doesn't overwhelm his actors with gratuitous scenic devices. But his presence remains the controlling force in this production.

The avant-garde novelty in the Burgtheater season is "Ovid's Metamorphoses or the Movement From the Borders Into the Middle and Back Again." It was conceived, directed and designed by Achim Freyer, with music by Dieter Schnebel and dramaturgical assistance by Urs Troller.

Freyer, who is also a painter, is best known for his stagings of Philip Glass's "Satyagrah" and "Akhnaten" in Stuttgart, but he has also directed and designed works as diverse as Mozart's "Zauberflöte" for Hamburg, Weber's "Freischütz" for Stuttgart and Handel's "Messiah" for West Berlin.

His new work has many beautiful moments, but struck me as still ed and self-consciously art-historic.

It consists of an unbroken, 150-minute (the minutes are counted off by an amplified speaker) tabernacle vivand of Dali, de Chirico and other Surrealists. Dialogue is limited and elliptical, only vaguely linked to Ovid. What counts are the images, but they seem too leaden to matter much. There were many disgruntled walkouts, derisive cries of "Schweine!" and laments about the low estate to which the Burgtheater has fallen. But the theater was sold out and a healthy portion of young people stayed to cheer.

Freyer's play was like a performance-art version of the most popular museum exhibition in Vienna this spring, "The Magic of Medusa" at the Kunsthause.

This sweeping survey of European art movements from the Middle Ages to the present embraces too much; it seems an assemblage of anything weird the curators could get their hands on.

But there are indeed all manner of extremely bizarre items to divert a visitor, from Arcimboldo's fruit and vegetable faces to grotesque armor to sculpted snakes and reptiles to contemporary avant-garde eccentricities.

Like a similar Arcimboldo show in Venice, this seems to have the didactic intention of proving that modernist and post-modernist weirdness has plenty of precedents in predominantly representational times. But in the short run, the show seems to be providing plenty of slightly eerie pleasure to hordes of museumgoers.

The hit new production at the Vienna State Opera this season has been Dvorak's "Rusalka," a slight reworking of the Otto Schenk / Günther Schneider-Siemssen staging first seen a few years ago in Munich. Like their Metropolitan Opera "Tannhäuser" and "Ring des Nibelungen," this "Rusalka" is an attempt to revert to the production styles of the past augmented by illusionistic techniques of the present. Rusalka's watery home shimmer in the moonlight, her prince's castle glows with vermillion, and at the end, Rusalka as Will-o'-the-Wisp seems to rise from and glide across the lake.

Vienna's cast was a strong one. The star was the Czech soprano Gabriela Benackova. Supporting her were Peter Dvornik, Eva Randova and Yevgeny Nesterenko, all conducted with warmth and understanding by Vaclav Neumann.

Mahler's Symphony No. 3 was first heard in 1902, one year after the premiere of "Rusalka." Its performance by the Vienna Philharmonic in the Musikverein let one check in on the wanderings of the Viennese-trained Zubin Mehta, in the midst of his year's sabbatical from the New York Philharmonic.

Mehta has never seemed an entirely persuasive Mahlerian; he's too deliberately calculating for that. But his work was conscientious, and the orchestra sounded glorious. The Musikverein hall is long, narrow, intimate and decorated with all manner of busts, frescoes and organ pipes, all of which diffuse the sound in helpful ways. Whatever the cause, the acoustical effect is overwhelming.

Picturing a Day in Russia

Washington Post Service

MOSCOW — In one of the most camera-savvy countries in the world, 100 international photographers have spent the week setting up tripods and polishing zoom lenses to prepare for the pursuit of a subject so vast that it takes nine hours to cross by plane: One day — Friday — in the life of the Soviet Union.

In a country that spans 11 time zones, the task of capturing the beginning and end of one day was a challenge. It had one photographer staked out to snap the sun rising in the easternmost part of the U.S.S.R. on the Bering Sea, while another was poised to catch it setting 5,000 miles (8,000 kilometers) away in Kaliningrad, on the Baltic coast. The biggest feat, however, is photographing the vast stretch in between, encompassing a sixth of the world's land surface. The reason: A third of it is off-limits to foreigners, even without cameras. And in the other two thirds, photographing many things from military officers to ordinary bridges, airports and train stations is considered a violation of state security.

The project has attracted the participation of such luminaries as Eddie Adams, winner of the Pulitzer Prize; Frank Johnston, three-time winner of the White House News Photographers' Photographer of the Year Award; and David Kennedy, a renowned Time magazine photographer. The Soviet Union approved the project last year, lifting many of the restrictions ordinarily imposed on photographers. American photographers will be peering through lenses in areas otherwise closed to them, such as Birobidzhan, the tiny Jewish autonomous republic in the Soviet Far East, and Star City, the exclusive school near Moscow where young Soviet cosmonauts are trained. The photographers were whittled down from 500 applicants to 50 from the United States, Japan, Britain and other Western countries and 50 from the Soviet bloc.

Many of the choice assignments went to the Soviet Union's best-known photographers. Yuri Abramovitch, for instance, will have two hours to shoot Mikhail Gorbachev.

But some unprecedented photo opportunities have gone to Americans, too. Adams will spend a day shooting inside a Moscow prison, the first American allowed to do so in memory. The project is one in a series that has included days in the lives of the United States, Canada, Japan, Australia and Hawaii. Like the others, it will result in a book, to be published in November by the New York-based Collins Publishers.

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ECONOMIC SCENE

Gorbachev Approach Opens Economic Horizons for U.S.

By LEONARD SILK

NEW YORK — Does the drive of General Secretary Mikhail S. Gorbachev to "reconstruct" the Soviet economy and society provide an opportunity for the United States to strengthen its own economy and stabilize the international system, of which it is the leader? In the current World Policy Journal, Robert S. Tucker, professor of politics emeritus at Princeton University, argues that this issue can best be approached by examining the relationship between the perestroika — reconstruction or reformation of Soviet economic, cultural and political life — and the Gorbachev-sponsored "new thinking" in foreign affairs. Soviet leaders commonly base their arguments for a new course on the "sacred" texts of Marx or Lenin, and Mr. Gorbachev bases his call for domestic economic changes on Lenin's New Economic Policy — a temporary lessening of the power of the state and brief return to greater autonomy in industry and agriculture. But in international affairs, Mr. Gorbachev, finding no comparable Leninist text, grounded his appeal for a new course on the existence of historically unprecedented "real tasks" — "saving mankind from nuclear self-annihilation and from global environmental, demographic and other ills that are getting out of hand." As the government of a great power facing an internal crisis, Mr. Tucker contends, the Gorbachev leadership has no need to conjure up the image of an intractable foreign enemy to persuade the nation to expend its energy on increasing military strength. On the contrary, in the present state of economic strain, Mr. Gorbachev needs to reduce its commitment of resources to the military. Estimates by the Central Intelligence Agency put the Soviet Union's military spending at between 13 and 14 percent of its gross national product, more than double the burden carried by the United States. GNP is the total value of goods and services produced by a country's economy.

SECURITY in the nuclear age, according to Mr. Gorbachev, "can only be mutual," and this applies to arms control and arms reduction. Both, if carried out in a way to enhance security, would ease the economic burdens of the Soviet Union and of the United States. Does the United States really want to reduce its military spending, in light of industrial and labor pressures for contracts and jobs, or would lower military outlays and a reduced budget deficit enhance American economic strength? The success of the Japanese economy — with its military outlays only one-sixth those of the United States relative to GNP and with Japanese material and human resources more sharply focused on industrial advances — suggests that too-heavy military outlays are a drag, not a spur, to the economy. An industrially and financially stronger United States, with a more stable dollar and balanced trade, could prove a more effective leader in the "Pax Americana" and draw the Soviet Union into the global system. Mr. Tucker concludes that "the world has a stake in the success of this new Soviet leader's reform enterprise and his incipient efforts to develop new approaches in international affairs."

Is his position "academic"? Two former secretaries of state, Cyrus R. Vance and Henry A. Kissinger, and a former secretary of commerce, Peter G. Peterson, after a meeting in February with top Soviet leaders, including Mr. Gorbachev and the dissident physicist, Andrei D. Sakharov, reached a similar conclusion. Mr. Vance, reporting on the trip to the Council on Foreign Relations, said, "I believe we have a genuine opportunity that should be treated seriously. We should not be stary-eyed; we should remain strong, across the board, but we ought to reach out and see if there aren't things we can begin to do together."

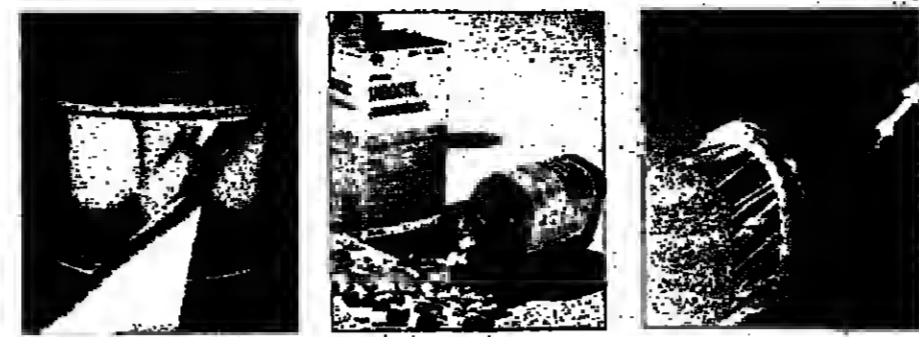
Banks In U.S. Lift Prime Rise, to 8.25%, Is 2d in 2 Weeks

Compiled by Our Staff From Dispatches

NEW YORK — Major U.S. banks raised their prime lending rate on Friday by a quarter percentage point to 8.25 percent, the highest level in 10 months and the second time in two weeks that the key interest rate has increased. Chase Manhattan Bank led the way, followed by Citicorp, Manufacturers Hanover Trust, Chemical Bank and many other banks. The banks last raised their prime rates on May 1 to 8 percent from 7.75 percent. On March 31, major banks raised the prime rate to 7.75 percent from 7.5 percent, where it had held since late August 1986. The increases reflect the broader pressure pushing up interest rates nationwide. Economists have linked the rise to efforts by the Federal Reserve Board to tighten credit conditions, largely to stem the dollar's declining value and reduce the prospects of inflation. Technical factors are keeping the fed funds rate high, some economists said, Page 15.

The three prime rate increases this year have come in response to rises in market rates, which over the past six months have increased the banks' costs of borrowing money and paying interest on deposit accounts. The prime is a benchmark used to set interest on a range of corporate and consumer credit. In recent years, the rate has taken on greater significance for consumers because it is used for setting interest on credit on variable rate credit cards, home equity loans and other consumer debt. Friday's increases pushed the base lending rate to its highest since July 1986, when the rate was changed from 8.5 percent to 8 percent. The prime rate peaked at 20.5 percent in 1981. Spokesmen for the banks declined to comment on the timing or reasons behind the move. Analysts said the move was not unexpected. "It was only a question of when, not whether," said Allen Sinai, chief economist of Shearson Lehman Brothers Inc. Mr. Sinai said the big banks probably were acting now in anticipation of the Federal Reserve Board's continuing to restrict monetary growth. (AP, UP)

U.S. Getting Ready to Repel Pirates



Metglas Amorphous Alloy: Allied-Signal Inc. proved that West German and Japanese manufacturers used its process to make this energy-saving metal.

Indomethacin: Merck & Co. lost millions before imports of the anti-inflammatory drug using Merck's patented process were stopped.

Optical Fiber: Corning Glass was unable to stop Sumitomo Electric from selling optical fibers in the United States made with Corning's process.

By Calvin Sims, New York Times Service. NEW YORK — Officials of Corning Glass Works were outraged when they discovered that Sumitomo Electric Industries of Japan was using, without permission, their patented manufacturing process to make optical fiber, the thin glass wires used in telecommunications. Corning had spent more than \$200 million to develop the process. But much to the company's chagrin, there was little it could do to prevent Sumitomo from selling the fiber in the United States. Sumitomo was making the fiber outside the United States, and U.S. laws that would have closed down the operations of a domestic company that had appropriated the process do not apply to foreign manufacturers. Many other companies, whose products range from pharmaceuticals and chemicals to specially engineered metals and plastics, are also concerned that U.S. law can not be applied to manufacturers abroad. As these U.S. manufacturers have learned the hard way, the protection of patented manufacturing processes in the United States is much weaker than in such industrial countries as Japan, Britain and West Germany. Washington has in recent years broadened the protection of intellectual property such as copyrights, patents and trademarks. In 1984, Congress passed legislation that made trademark counterfeiting a criminal offense, cracking down on foreign competitors who copied names and trademarks used to identify products such as designer clothing, jewelry and huggies. Other laws strengthened patent rules for drugs and photographic records and provided

manufacturers of semiconductors with copyright protection for circuit designs. Even so, the government has continued to ignore the protection of manufacturing processes. But with billions of dollars in lost revenues involved and trade problems a hot topic in Washington, that is changing. Technology-intensive industries such as pharmaceuticals, chemicals and biotechnology in-

gina, would be the biggest losers. They have long viewed their access to foreign technologies as the key to their economic development, and purposely have weak patent-protection laws or fail to enforce existing laws. In South Korea, for example, it is impossible to obtain a patent on chemical compounds or copyright protection for computer software. The costs to U.S. industry have been enormous. Piracy of intellectual property, including proprietary manufacturing processes, costs U.S. manufacturers \$8 billion to \$20 billion a year, according to estimates by the International Trade Commission, a federal agency, and the U.S. Chamber of Commerce. Current law permits products made from pirated processes to be sold in the United States, as long as the company committing the infringement is not using the processes in the United States and is not seriously hurting the patent holder. Corning was unable to demonstrate serious economic damage from the Sumitomo infringement because it was able to sell all that its plants could produce. Yet in Japan, Britain, West Germany and other industrialized countries, the sale of products made abroad by infringing on patents is not permitted. "The impact of intellectual property abuses is being felt far beyond the well-publicized problems of counterfeit blue jeans and watches," said Wolf Brückmann, director of international investment policy for the Chamber of Commerce. "It is affecting major segments of the economy." U.S. companies lose not only exports and royalties in foreign markets but also sales in third markets, where unauthorized

The protection of patented manufacturing processes in the United States is much weaker than in many other developed countries. They need better protection of their processes, to maintain their competitive edge, and Congress and the Reagan administration are listening. Amendments to the pending trade bill have been proposed that would provide better safeguards for manufacturing processes. "Our laws must enable U.S. companies to protect themselves from the foreign manufacturers that steal American-owned technology and then use American innovations to compete with U.S.-manufactured products," said Senator Dennis DeConcini, Democrat of Arizona. Mr. DeConcini is one of the sponsors of legislation to strengthen patent protection. If the laws are tightened, developing or newly industrialized countries, including Brazil, South Korea, Taiwan and Ar-

Producer Prices Jumped 0.7% In U.S. for April

WASHINGTON — U.S. wholesale prices jumped 0.7 percent in April, the biggest increase in 18 months, led by higher costs for meats, energy and motor vehicles, the Labor Department said Friday. April's rise in the producer price index over the March level was the biggest since October 1985, when the index jumped 0.8 percent, with the figures reflecting seasonal adjustments. It follows 0.4 percent hikes in January and March and a 0.1 percent rise in February. Prices were 2.7 percent above those in April last year. The index tracks the cost of items from fields and factories to their transformation into finished goods. It is considered a bellwether for retail inflation. If the rest of 1987 holds to the form set for the first four months, the index for finished goods will have risen 5.1 percent by year's end. That marks a sharp turnaround from last year's 2.5 percent annual decrease and would be the sharpest increase in the index since 1981. The resulting inflation worries undercut the dollar on the foreign exchange markets (details, Page 15), and prices on the New York Stock Exchange. Pock prices jumped 13.1 percent, beef and veal cost 8.3 percent more

and processed poultry jumped 3.1 percent in price, according to the government's index. Yet, food prices overall rose only 1.5 percent, tempered by cheaper fruit, fish and vegetables. Gasoline prices rose 2.3 percent and home heating oil by 1.8 percent, the government added, while prices for passenger cars climbed 2.4 percent following substantial decreases in the two previous months. April's 1.5 percent gain in wholesale food prices continues a turnaround that began in March. Until then, food prices had fallen regularly since September. That drop in food costs in past months helped moderate recent oil price increases. The shrinking auto prices — mostly the result of special financing deals — had also helped keep inflation down when oil prices jumped back over \$18 a barrel after dipping below \$10 a barrel last year. The report did carry some news to dampen prospects for higher inflation. Excluding food and energy, the index for non-durable consumer goods, the items meant to last less than three years, dropped 0.3 percent after having risen 1.2 percent in March. The decline largely reflected a 2.4 percent drop in cosmetics prices, the Labor Department said.

U.S. Industrial Output Slumped 0.4% in Month

WASHINGTON — U.S. industrial production fell 0.4 percent in April, the sharpest drop in 13 months, depressed by a slowdown at automobile factories, the Federal Reserve Board said Friday. The April decline was the second consecutive drop, following a revised 0.2 percent fall in March, and underscored the belief in financial markets that U.S. economic growth will remain sluggish this year. The central bank previously said industrial production fell 0.3 percent in March. It also revised down the gain in February production to 0.4 percent from the previously reported 0.5 percent rise. Industrial output had not fallen for two consecutive months since late 1985. The April setback matched a May 1986 downturn and was the largest monthly fall since a 1.4 percent fall in March 1986. Production was up 1.3 percent from a year ago. Aside from the cutbacks in automobile production, the Fed cited widespread, smaller declines in other industries for the weakness in the past two months. In April, autos were assembled at an annual rate of 7.2 million units, down from a March rate of 7.9 million and February's pace of 8.3 million. Automakers have been slashing output because of high inventories and slumping sales. The output of consumer goods, down 0.9 percent, fell for the fourth consecutive month while production of business equipment decreased 0.4 percent. Output at manufacturing plants fell 0.4 percent in April following a 0.2 percent March decline. The April drop included a big 0.7 percent fall in production of durable goods. (AP, Reuters)

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, London, Frankfurt, New York, Paris, Zurich, and Tokyo.

Table of other dollar values for various currencies like Argentine, Australian, British, Canadian, Chinese, Danish, Dutch, French, German, Italian, Japanese, Korean, Mexican, New Zealand, Norwegian, Portuguese, Spanish, Swedish, Swiss, and Taiwan.

Interest Rates

Table of Eurocurrency deposits for 1, 3, 6, and 12 months in various currencies.

Table of key money rates for various banks and currencies.

Table of U.S. money market funds for various categories.

Table of gold prices for various locations and currencies.

Summit Likely to Back Africa Debt-Relief Plan

By Paul Lewis, New York Times Service

PARIS — Agreement on a debt-relief plan for black Africa and steps to speed talks on freer trade will be the most concrete results of next month's economic summit meeting, according to officials preparing the talks. Under a complex plan that is nearing completion, black Africa's poorest and most heavily indebted nations would be granted relief on about \$20 billion of debt they owe Western governments. The main beneficiaries of the plan would be Mali, Mauritania, Zambia and Zaïre. Other very poor nations would get aid as well. According to the officials, the Venice summit meeting of seven major industrial nations, set for June 8-10, will also endorse the agreements on closer economic policy coordination and agricultural reform struck by ministers from all the non-Communist industrial nations at this week's meeting of the Organization for Economic Cooperation and Development in Paris. The summit meeting of the United States, Japan, West Germany, France, Britain, Canada and Italy, is also expected to call for a high-level meeting next year of the bundred or so nations that agreed a year ago to begin a new round of talks on protectionism. Agreement by the leaders of the seven nations on the summit issues is not certain. For example, the meeting's participants are divided on aspects of the Africa debt plan. The emerging plan reflects a growing realization among aid-giving nations that the economic plight of the world's poorest countries is now so bad that they cannot be expected to repay their debts in the foreseeable future and probably not at all. The very poor African countries also owe foreign commercial banks about \$6 billion, on which repayment terms have already been eased. But Western governments and their agencies account for about 80 percent of the countries' total foreign debt. The World Bank has been helping informally with the drafting of the African debt relief plan. Under the plan being worked out, the major industrial nations would agree to convert any remaining government loans to the

Uganda Gets New Currency

KAMPALA, Uganda — Uganda announced Friday the introduction of a new shilling that is sharply devalued against the dollar. President Yoweri Museveni said in the interim parliament, the National Resistance Council, that Uganda had won loans from the International Monetary Fund and World Bank. He did not give the amount. He also said the currency measures and a related package of economic reforms would clear the way for more foreign aid. A new Ugandan shilling, worth 100 old shillings, begins circulating Monday. The exchange rate is 60 new shillings (6,000 old shillings) per dollar, up from 1,400 old shillings. world's poorest countries into outright grants, as most have already done. They would also agree to ease repayment terms on the roughly \$20 billion of officially financed trade credits. This means that the poorest black African nations would be given up to 20 years to repay these trade credits, which they borrowed to pay for imports. They also would be given a 10-year grace period. According to officials preparing for the summit conference, Britain, France, Canada and Italy believe that black Africa also should be excused from paying interest on the outstanding loans and credits or should pay only a reduced rate. But, officials said, the United States and West Germany fear that granting relief from interest payments would set a precedent for other developing countries, especially in Latin America, that also owe huge debts to the West. As the summit now stands, the seven-nation plan would make it clear that other heavily indebted developing countries whose economic prospects are considered more favorable cannot expect as generous treatment as the poorest nations, most of which are in sub-Saharan Africa.

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Handwritten signature or mark at the bottom center of the page.

NYSE Most Actives table with columns: Vol, High, Low, Last, Chg.

Market Sales table with columns: NYSE, AMEX, OTC, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Friday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Close, Prev.

NASDAQ Index table with columns: Close, Chg, Week, Year.

AMEX Most Actives table with columns: Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Bonds, Utilities, Industrials.

NYSE Diary table with columns: Class, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sales, etc.

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: Industrials, Finance, etc.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Plunges on Inflation Fears

NEW YORK — Prices on the New York Stock Exchange plummeted Friday as indicators of accelerating inflation, rising interest rates and declining industrial production combined to send the market to its fourth-biggest point decline ever.

"The cliché was the poor producer prices," added Michael Metz, an analyst with Oppenheimer & Co. said. "While it indicates April inflation was accelerating, the sharp rise in commodity prices through the month of May probably means inflation will be even worse this month."

Table A: 12 Month High Low Stock, Div, Yld, PE, etc.

Table B: 12 Month High Low Stock, Div, Yld, PE, etc.

Table C: 12 Month High Low Stock, Div, Yld, PE, etc.

Table D: 12 Month High Low Stock, Div, Yld, PE, etc.

Table E: 12 Month High Low Stock, Div, Yld, PE, etc.

Table F: 12 Month High Low Stock, Div, Yld, PE, etc.

Table G: 12 Month High Low Stock, Div, Yld, PE, etc.

Table H: 12 Month High Low Stock, Div, Yld, PE, etc.

Table I: 12 Month High Low Stock, Div, Yld, PE, etc.

Table J: 12 Month High Low Stock, Div, Yld, PE, etc.

Table K: 12 Month High Low Stock, Div, Yld, PE, etc.

Table L: 12 Month High Low Stock, Div, Yld, PE, etc.

Table M: 12 Month High Low Stock, Div, Yld, PE, etc.

Table N: 12 Month High Low Stock, Div, Yld, PE, etc.

Table O: 12 Month High Low Stock, Div, Yld, PE, etc.

Table P: 12 Month High Low Stock, Div, Yld, PE, etc.

(Continued on next left-hand page)

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Simply circle the appropriate number on the coupon at the bottom of the page before June 8, 1987 or telex the numbers with your return address, and the report(s) will be mailed to you by the companies involved.

AMERICAN EXPRESS

American Express' earnings achieved a first by exceeding \$1 billion in 1986. Each of its operating units posted record earnings and contributed to an overall 20 percent return on average equity from continuing operations, compared with 16 percent in 1985. Its businesses include the charge card, Travelers Cheque, travel, data processing, international banking, brokerage, investment banking, personal financial planning, life insurance and asset management industries.



BP

The British Petroleum Company plc is the parent company of one of the world's largest international oil and natural resources groups. In 1986, despite dramatic fluctuations in the price of oil, BP made solid progress to record pre-tax profits of £1,779 million on a replacement cost basis. This result owes much to the speed and flexibility with which the group was able to react to the new environment of lower oil prices. The events of 1986 have highlighted the better balance between the group's upstream extractive interests and its downstream customer-orientated businesses and place it in a strong position to meet the challenges of 1987 and beyond.



About the McDonald's System

The McDonald's System is the largest foodservice organization in the world. The Company, franchisees and affiliates operated more than 9,500 McDonald's restaurants, each serving a limited menu of high-quality food, which is a part of a well-balanced diet. These restaurants are located in 46 countries around the world. The System has pioneered quality food specifications, equipment technology, marketing programs and operational systems that are now the standards of the industry throughout the world. McDonald's motto of Q.S.C. & V. translates into Quality food products; fast, friendly Service; restaurants known for Cleanliness; and a menu which provides Value. Q.S.C. & V. ... McDonald's promise to customers every day around the world.



CSX CORPORATION

CSX Corporation is much more than a railroad, it's now a full service transportation company offering One-Stop Shipping (SM) by rail, barge, truck and container ship. Early this year, the company's purchase of Sea-Land Corporation won approval, which means that CSX service now circles the globe. With nearly \$13 billion in assets, CSX also operates business groups in energy, properties and technology, adding diversified strength to its principal transportation group.



Gulf+Western Inc.

Gulf+Western, continuing to reflect the positive results of an extensive restructuring that began in 1983, increased its earnings from continuing operations 51% in the fiscal year ended October 31, 1986, and expects to maintain its earnings growth in fiscal 1987. As a result, the company raised the quarterly cash dividend on its common stock 33% to 30 cents per share, effective April 1. The company's operations are focused in Financial Services (Associates Corporation of North America), Publishing and Information Services (Simon & Schuster, including Prentice Hall and Pocket Books), and Entertainment (Paramount Pictures, Madison Square Garden, and theatre circuits in the United States and Canada).



CAP GEMINI SOGETI

CAP GEMINI SOGETI, an independent group, with 7,500 employees, is one of the leading DP service companies in the world and the largest in Europe. In 1986, CAP GEMINI SOGETI realized consolidated revenues of F.Fr. 2.9 billion (+ 32%). Net profitability after taxes reached F.Fr. 193 million (+ 45%), which represents 6.6% of revenue.

The company is registered on the Second Market of the Paris Stock Exchange. For 1987, CAP GEMINI SOGETI is budgeting for consolidated revenues of F.Fr. 3.6 billion (+ 24%) — distributed among the United States (CGA), Europe and France. CAP GEMINI SOGETI's leadership is acknowledged in advanced software technologies such as videotex, artificial intelligence, the smart card, software engineering, converters, information systems building, etc.



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MASCO CORPORATION, a UNIQUE GROWTH COMPANY with leadership market positions, has reported 30 CONSECUTIVE YEARS OF EARNINGS INCREASES. Sales and earnings during this period have increased at average annual compound rates of approximately 20 percent. Masco manufactures Building and Home Improvement Products and Home Furnishings and Other Specialty Consumer Products. Send for our 1986 Annual Report to learn why, we believe, Masco's earnings will continue to grow at an average annual rate of 15 to 20 percent annually over the next five years, with our sales in 1991 approaching or exceeding \$3 billion.



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Nationale-Nederlanden

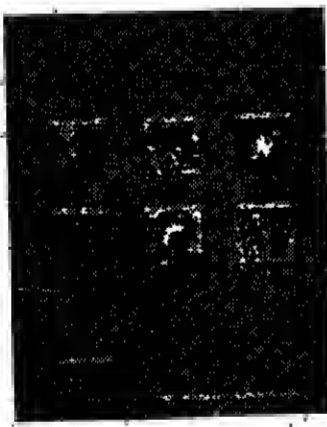
Nationale-Nederlanden, with 23,000 employees in 20 countries, is the tenth largest publicly owned insurance company in the world, the twelfth largest in terms of assets.



In its home market, the Netherlands, it is the largest Dutch insurer and the fourth largest enterprise in the country. The Nationale-Nederlanden Group's combined revenue amounted to U.S. \$7.9 billion in 1986. Of this income, life business represented 34%, non-life 28%, professional reinsurance 7% and investments and other insurance-related activities 31%. In 1986 net assets grew from U.S. \$3.1 billion to U.S. \$3.4 billion.

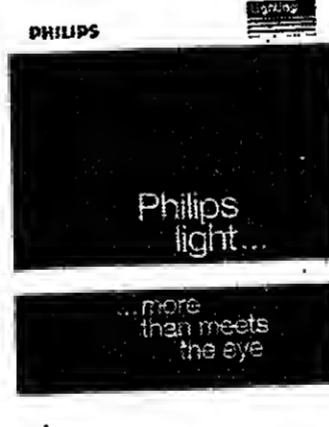
NOVA, AN ALBERTA CORPORATION

NOVA is a major Canadian shareholder-owned energy company headquartered in Calgary, Alberta, Canada. The Company was formed in 1954 to build, own and operate a province-wide natural gas transportation system. The business base has expanded to include energy-related investments and today NOVA operates as an international organization with most of its activities tied to the world marketplace. Current areas of activity include gas transportation and marketing, petroleum, petrochemicals, manufacturing, consulting and research. The NOVA group of companies employ about 7,100 people. NOVA's common and preferred shares trade on the Toronto, Montreal and Alberta stock exchanges.



PHILIPS LIGHT MORE THAN MEETS THE EYE

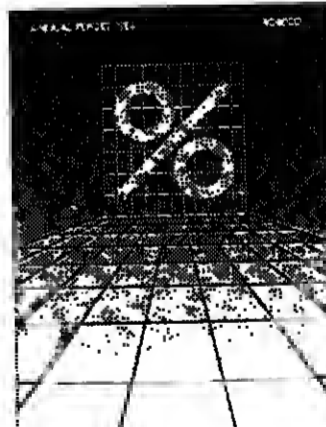
Philips Lighting has published a full-colour 28 page brochure. Entitled "Philips light-more than meets the eye", the brochure offers interesting information not only on the company itself but also and more particularly on its technical expertise.



With the emphasis on the application of lighting, the document contains relevant sections on public and security lighting, sports, hotel health, domestic, office, shipping and aviation, industrial and shop lighting etc. These sections are nicely illustrated with recent projects such as the Raffles City complex, Singapore and the floodlighting of the Eiffel Tower. The brochure is available on a complimentary basis from Philips International B.V., Marketing Communications Lighting Division.

ROBECO

Robeco is a Dutch-based equity fund with a \$5.4 billion global blue-chip portfolio providing income as well as capital appreciation. Total performance in 1986 in \$ was 43.8%. Its average annual performance over the last 5 years of 24.4% gives it a ranking in the top 10 of Lipper's non-US global equity funds. Management cost in 1986 was uniquely low 0.19% of asset value. The Robeco Geneva Account is a perfectly simple, low-cost way of acquiring and holding Robeco shares.



SAAB-SCANIA

The Saab-Scania Group manufactures automotive and aerospace products: passenger cars, trucks and buses, commercial and military aircraft, missiles and satellites. The Group also develops other advanced products in the fields of electronics, optics, sensors image processing and energy technology. We employ 49,000 people in locations in Sweden and in 30 other countries. In 1986 the Group sales were SEK 35 billion with a profit of SEK 3.3 billion. The pre-tax return on total assets was 13.8%, solvency (equity/asset ratio) was 51%. Investments in fixed assets and R&D amounted to MSEK 5,000, equivalent to 14.2% of sales. For a copy of the Annual Report 1986, please write to: Saab-Scania AB, Corporate Communications and Public Affairs, S-581 88 Linköping Sweden.



SANDOZ

Sandoz celebrated its 100-year anniversary in 1986 with record earnings of S.Fr. 8,361 million. The group is a major manufacturer of chemicals, crop protection products, seeds and nutrition products. Headquartered in Switzerland, Sandoz is well-diversified geographically with subsidiaries and affiliates located in over 40 countries. Sandoz spent S.Fr. 746 million on Research & Development in 1986, of which 71% was in the pharmaceutical area. The company enjoys a strong financial condition, with year-end 1986 liquid asset accounting for 25% of total assets.



SEB Group

The SEB Group is the leading manufacturer in France and Europe of small domestic appliances and household goods. It is also the number one producer worldwide of non-stick cookware and bakeware, pressure cookers, electric fryers, and a world leader for steam irons, grills and toasters. It has well recognized brand names such as CALOR, SEB and TEFAL in France and TEFAL in foreign markets. The SEB Group has a clearly defined strategy: concentration on key products, internationalization and innovation. Consolidated world sales for 1986 amounted to 3,465 MFF (up 7% over 1985) of which over 50% was in France. Net income was up 57% to 110 MFF.



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Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect intraday trading elsewhere.

Table of NYSE Most Active Stocks, listing symbols, prices, and volume.

Table of Market Sales, listing various market categories and their respective sales figures.

NYSE High-Lows

Table of NYSE High-Lows, listing stock symbols and their high and low prices.

French Unemployment Expected to Hit 11.7%

PARIS — France's economy faces a bleak outlook for the rest of this year, with unemployment rising to 11.7 percent, inflation hitting 3.5 percent and the growth rate stagnating at about 1.1 percent, France's Institut National de la Statistique et des Etudes Economiques has predicted.

The economic forecast by the institute, INSEE, predicts that there will be 2.8 million unemployed workers in France toward the end of 1987 compared with the 2.67 million registered in March. This would represent a rise from the current 11.1 percent of the work force to 11.7 percent.

The institute's analysis of unemployment attributes the rise in joblessness to a process of economic restructuring that has resulted in a net loss of jobs. There was a 20 percent rise in people furloughed in the first quarter of 1987 from the first quarter of 1986.

The institute also predicted that the service sector of the economy should grow 1.1 percent in the first half and 0.8 percent in the second half, despite declines in the telecommunications, banking and insurance sectors of the economy.

The rise in consumer prices should also reach 3.5 percent in 1987, according to the report, which was released Thursday, exceeding government predictions of 2.4 percent for the year.

Britain's Inflation Rate Rose to 4.2% in March

LONDON — Britain's annual inflation rate crept up 0.2 percentage point in April to 4.2 percent, the Department of Employment announced Friday. The figures immediately became an issue in the campaign leading up to Britain's June 11 general election.

The latest rise in the government's retail price index resulted mainly from higher rents and mortgage interest rates plus higher prices for some seasonal foods, cars and car insurance, the department said.

The annual inflation rate of 4.2 percent compares with 3 percent in April 1986 and 3.7 percent at the time of the 1983 election.

INTERNATIONAL MANAGER BY SHERRY BUCHANAN, IN THE HT EVERY WEDNESDAY. ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE.

U.S. Futures

Table of U.S. Futures, listing various futures contracts and their prices.

Table of Grains, listing various grain futures contracts and their prices.

Table of Lintstock, listing various livestock futures contracts and their prices.

Table of Currency Options, listing various currency options and their prices.

London Commodities

Table of London Commodities, listing various commodity prices.

Table of Paris Commodities, listing various commodity prices.

Table of Asian Commodities, listing various commodity prices.

Table of Singapore Gold Futures, listing various gold futures prices.

Dividends

Table of Dividends, listing various dividend-paying stocks and their rates.

Table of DM Futures Options, listing various DM futures options.

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Table of Swiss Engineers' Orders Off, listing various Swiss engineering orders.

Table of Personal Investing, listing various personal investment options.

Table of International Market, listing various international market data.

Table of Personal Investing, listing various personal investment options.

Advertisement for Project Evaluation America, featuring a large graphic and promotional text.

Rover's Loss Was £455 Million in '86

By Warren Getler
International Herald Tribune
LONDON — Rover Group PLC, the troubled state-owned vehicle maker, sustained a pre-tax loss of £455 million (currently \$764.63 million) in 1986, more than triple the 1985 loss of £125.3 million. Rover said the new loss, vastly exceeding analysts' expectations, was largely attributable to restructuring costs. It also blamed sharply higher

group operating losses on "lower overall volumes, poor margins and new product launch costs." Last year, the group's operating loss widened to £240.7 million, from £34.6 million in 1985. Keith Williams, auto analyst with Prudential-Bache Securities in London, said the pre-tax loss was "pretty nasty."

"I had been expecting something between £250 and £300 million," he said. "It just shows that Rover's cost base is far too high and that the company still cannot compete effectively anywhere."

Rover, formerly British Leyland, reported flat 1986 sales of £3.4 billion. After extraordinary items, the group reported a loss of £892.1 million, or 20.8 pence a share, in 1986, up from £138 million, or 3.1 pence, in 1985.

The government has injected £3 billion in to the group over the past 12 years, including a £750 million debt write-off in March. Since 1981, the group has suffered pre-tax losses totaling £1.28 billion, including last year's figure.

Particularly hard hit last year was Austin Rover Group, the car division, which accounts for nearly 70 percent of group sales. The division's operating loss surged nearly ninefold to £166.6 million, from £19.3 million in 1985.

Many analysts had said they believed that the car division was on the road to recovery. Graham Day, Rover's chairman and chief executive, predicted that the group's 1987 performance would be "significantly better" than last year.

"I believe the actions taken in 1986 are such that the year will be seen as a turning point," he said, "and against a background of substantial losses in 1986, the first quarter of 1987 has shown an encouraging improvement."

But, with losses like those sustained by the group last year, few analysts believe that Britain can now consider denationalizing the Rover Group anytime soon.

"Following figures like those for 1986, we're three years away from privatization," said Mr. Williams of Prudential-Bache.

Bid for Burlington Is Raised By Partners to \$1.7 Billion

United Press International
NEW YORK — A partnership led by the investor Asher B. Edelman and Dominion Textile Inc. raised its hostile takeover bid Friday for Burlington Industries Inc. to \$1.7 billion, giving the offer a total value of \$1.7 billion.

Mr. Edelman, deriding as "un-American" Burlington's efforts to block the group's bid through court action, said the group raised its bid after rejecting a request from the textile giant for a one-year standstill agreement.

"That didn't make any sense — I couldn't have bought or sold or done anything without the permission of their board," Mr. Edelman said. "So we raised our bid."

Mr. Edelman and Dominion already have acquired about 13.4 percent of Burlington's 27.3 million shares outstanding. Burlington's stock rose \$2.375 a share to \$68 in trading Friday on the New York Stock Exchange.

Linda Morris, an analyst who follows Burlington for Provident National Bank in Philadelphia, said the latest offer would increase the pressure on Burlington to agree to be acquired by Mr. Edelman and Dominion.

"We're getting real rich here, and I think Burlington will have a very hard time justifying doing anything other than capitulating," she said.

In its latest move to frustrate the group's hostile bid, Burlington said earlier Friday that it had provided confidential information to unnamed third parties with whom it is in merger talks.

Burlington said it offered to provide the same data to Mr. Edelman and Dominion's largest textile company, if the partners dropped their tender offer, which began May 6.

Earlier this week, Burlington commenced a cash tender offer for up to 30 percent of its own common shares at \$80 apiece.

Burlington, which is based in Greensboro, North Carolina, is the largest U.S. textiles concern.

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Street Puzzled by New Kidder Chief But GE Had Good Cause to Select Retired Industrialist

By Daniel F. Cuff
New York Times Service
NEW YORK — After considering a list of candidates to head Kidder, Peabody Group Inc., its parent, General Electric Co., made a seemingly strange choice by selecting Silas S. Cathcart, a 61-year-old Illinois industrialist who has never worked on Wall Street.

But if the choice seemed illogical to those on the Street, it made perfect sense to most GE officials.

With Kidder tainted by the insider-trading scandal, GE clearly felt that stronger management controls were needed in its investment-banking subsidiary, whose chief executive had been Ralph D. DeNunzio. GE obviously wanted a man it knew and could trust. Mr. Cathcart, the retired chairman of Illinois Tool Works Inc. and a GE director for 15 years, fitted the bill.

"He is one of the more able managers in corporate America," said Robert E. Mercer, chairman of Goodyear Tire & Rubber Co. and a fellow GE director.

Indeed, during Mr. Cathcart's 16 years at the helm, Illinois Tool Works thrived. The 75-year-old manufacturing concern makes the kind of engineered industrial components that have been the hardest by foreign competition. These range from fasteners and plastic extrusions to gears and electronic parts.

And while many of its American rivals have withered, sales at Illinois Tool Works, which totaled \$961 million last year, have tripled in the last decade, as did its profit, which hit \$79.6 million.

In addition, the company's acquisition last year of Signode Industries, a maker of packaging and fastening systems, helped results. But analysts also give much of the credit to Mr. Cathcart, who served as chief executive until 1982 and chairman until a year ago, when he retired.

Silas Strawn Cathcart was born in Evanston, Illinois. He graduated from Princeton University in 1948 and went to work for Illinois Tool Works, which is based in Chicago. The company is publicly owned but for years has been a family controlled concern. Mr. Cathcart, not a member of the family, worked his way up, becoming a vice president in 1954, president in 1964 and chief executive in 1970.

Mr. Cathcart said Thursday that he would be working closely with Kidder's newly appointed chief operating officer, Max A. Chapman Jr., who has been the head of the investment bank's brokerage unit, Lawrence F. Bossidy. GE's vice chairman, suggested that Mr. Cathcart's main job would be to install a strong, stable management at Kidder, which has been plagued by fierce internal politics.

"He's got that leadership aura about him," Mr. Mercer said, adding that Mr. Cathcart is an executive who fosters loyalty.

Another trouble for the firm is that three former employees have faced charges stemming from the U.S. government's investigation of insider trading. One of them, Martin A. Siegel, has admitted guilt in a conspiracy to traffic in nonpublic information.

Some analysts believe Mr. Cathcart will stay with Kidder's management only until a stronger team is installed. But Mr. Cathcart stressed that he was no caretaker. "I don't see it as a few-months situation," he said.

Under his leadership, Illinois Tool became known for innovation and service to customers that range from automotive and aerospace companies to food and construction concerns. It is renowned for developing special products for customers without being asked.

While Illinois Tool Works is hardly a household name, Mr. Cathcart's management talents have earned him quite a corporate following. In addition to being a GE director, a post he will relinquish, he also sits on the boards of Bethlehem Steel, Baxter Travenol and Quaker Oats.

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Bacardi Holders Approve 1-for-1,000 Reverse Split

By Anne Swanson
Washington Post Service
CORAL GABLES, Florida — Stockholders in Bacardi Corp. have overwhelmingly approved a one-for-1,000 reverse stock split, but dissident Bacardi family holders said the move would not accomplish its goal of taking the company private.

The final determination will be made by the SEC, which must approve the company's application to deregister its stock.

The more than a dozen Bacardi companies, concentrated in and around the Caribbean, are largely independent, and stock in all but Bacardi Corp. is privately held by the hundreds of family members. The company functions more like a federation than a multinational corporation.

Bacardi has been the No. 1 selling brand of liquor in the United States for eight consecutive years. "We have several concerns" about privatization, said Robert O'Brien, a Bacardi by marriage and a spokesman for the dissidents. "In a private corporation, there is a lot less accountability to the shareholders and there is less access to capital markets."

The chairman, Alfred P. O'Hara, said that on the basis of company records the split and buyback would reduce the number of stockholders to fewer than 300.

But Adolfo Comas Bacardi, a former vice president who was dismissed last December, said the dissidents' count indicated that 400 to 500 stockholders, including stock trusts created to foil the plan, remained after the split.

With the issue unresolved, the battle that has divided a family known for 125 years for distilling, bottling, distributing and marketing rum seems likely to continue.

So far, four top Bacardi-family executives have been dismissed for opposing the privatization plan. Executives of the Puerto Rico-based concern said the reverse split would reduce the number of holders to fewer than 300, the level needed to free the public company from oversight by the Securities and Exchange Commission. In the reverse split, each 1,000 existing shares would be converted into one new share, with cash payments to buy out blocks of fewer than 1,000 shares.

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3 Japan Firms in Chip Pact

Compiled by Our Staff From Dispatches
TOKYO — Three major Japanese computer makers, Hitachi Ltd., Fujitsu Ltd. and Mitsubishi Electric Corp., said Friday they had agreed to cooperate to develop new 32-bit microprocessors.

A microprocessor is a central processing unit contained entirely in a semiconductor chip. It is used in computers and in other electronic devices to control programs.

The new microprocessor will be based on the real-time operating system nucleus, known as Tron, a computer specification proposed by Ken Sakamura, a University of Tokyo professor, the companies said. The system is expected to become one of the building blocks of easy-to-use, highly compatible, superfast computers, according to Mr. Sakamura.

Kazuo Kimbara, group executive of Hitachi's Electronic Devices Group, declined to say how much the joint project would cost, but said the cost would be evenly shared.

Mr. Kimbara said the new 32-bit microprocessor family would support major operating systems, including Unix, one of the most widely used 32-bit microprocessor operating systems, which was developed and licensed by American Telephone & Telegraph Co.

Fujitsu and Hitachi had already announced a project last October to develop a 32-bit Tron microprocessor to be marketed by the end of 1987.

PIRACY: U.S. Ready to Act

(Continued from first finance page)
products are exported by foreign violators, Mr. Brueckmann said.

Although the data supporting their contentions are sketchy, government and industry officials maintain that the impact of process piracy on the United States goes way beyond the revenues lost.

For one thing, it has cost thousands of workers their jobs, they say.

A study by the International Trade Commission found that 130,000 jobs in five industries were lost in 1982 because of piracy. The industries were chemicals, apparel, automobile parts, records and tapes and sporting goods.

The American Flint Glass Workers Union, which represents workers at Corning, estimates that about 10,000 workers have lost their jobs in the optical-fiber industry in the past four years, mainly as a result of piracy of intellectual property.

The weak protection of process patents has also undermined the country's technological base by discouraging U.S. companies from investing in research and development, according to industry and government officials.

"Essentially, the right of a company to control the use of its invention is eliminated," said Alan F. Holmer, general counsel for the U.S. trade representative. "This harms consumers because the company won't be able to fund future research and development of new drugs, chemicals or other products."

Some pharmaceutical and agricultural-chemical companies say they will no longer develop products for foreign markets in which there is inadequate patent protection.

Eli Lilly & Co., for instance, refuses to develop drugs for illnesses common in Canada and some South American countries because their governments offer little or no protection for pharmaceuticals, according to Mary Ann Tucker, the company's assistant legal counsel.

"We know that their folks are just waiting to take advantage of weak patent-protection laws," she said.

Peugeot SA reported consolidated sales for the first quarter of 28.49 billion French francs (\$4.79 billion), up 11 percent from a year earlier.

United Technologies Corp. said the Australian Army is to buy an additional 25 S-70 helicopters from UTC's Sikorsky aircraft unit in a transaction valued at more than \$200 million, bringing purchases of the craft to 55.

Westland PLC, the British helicopter company, said it would cut its work force by 1,155 jobs at its Yeovil factory in western England.

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Investment AB Beijer, a Swedish investment and industrial group, has agreed with Dalgety PLC of Britain to buy its chemicals subsidiary, K & K Greff Ltd., the Beijer board announced. Beijer is to pay about \$8 million (\$13.4 million).

CRA Ltd. of Australia said it would sell its Woodlawn copper, lead and zinc mine in New South Wales to a new publicly held company, Denehurst Ltd., for an undisclosed amount.

Distrege SA/NV, a Belgian mill, said sales dropped 33 percent from a year earlier to 62.7 billion Belgian francs (\$1.7 billion) and profit fell 99 percent to 10 million francs due to a 900 million franc write-down.

Compagnie Générale des Etablissements Michelin said it planned to seek shareholder approval to issue



The control room at Corning Glass's optical-fiber plant in Wilmington, North Carolina.

Under section 337 of the Tariff Act, U.S. companies can bring process-patent-infringement actions before the International Trade Commission, whose mandate is to prevent foreign countries from employing unfair trading practices.

But given the time it can take to prove infringement and the meager relief available, the effort hardly

seems worth it. The commission can bar products at the border but cannot impose monetary damages.

Two years after Corning filed its case, the commission ruled last August that Sumitomo had pirated Corning's process for making optical fiber. But the commission could not force Sumitomo to pay damages. There is no provision in U.S. law for a U.S. company to seek compensation from foreign copiers of a patented manufacturing process.

CURRENCY MARKETS

Dollar Slips on U.S. Economic Data

NEW YORK — Inflation fears pushed the dollar mostly lower in New York on Friday despite rumors that the U.S. discount rate would be raised.

London Dollar Rates table with columns for currency, rate, and change.

of the producer price report on the theory that emerging inflation would prompt the Federal Reserve to raise interest rates.

But the Fed supplied reserves to the banking system at midday, dampening hopes for a discount rate hike on Friday, he said.

Hong Kong Discovers Dark Side of Its Link to U.S. Dollar

HONG KONG — Ever since fears over Hong Kong's future in Chinese hands sent its currency plummeting to a record low on "Black Saturday" in 1983, this British colony's dollar has been pegged to the U.S. currency.

Now, however, economists and businessmen say the link may be doing more harm than good, because the steep slide in the U.S. dollar over the past two years has increased inflationary pressure in the local economy.

currency plunge have eased ever since China and Britain signed a 1984 accord returning Hong Kong to Chinese rule but allowing the colony to retain its capitalist system for another 50 years.

But many people are opposed to changing the peg because of its major role in restoring confidence, especially after "Black Saturday" on Sept. 24, 1983, when the currency plunged 10 percent to a record low of 9.55 to the U.S. dollar.

Technical Factors Blamed for High Rate on Federal Funds

NEW YORK — New U.S. banking figures show that the federal funds rate remains stubbornly high because of technical factors and not as a result of a further tightening of monetary policy, according to some economists.

"They don't seem to be coming down at the pace we expected, and that's why we're getting a high funds rate that is not indicative of the Fed's intentions."

Treasury balances at the Fed bulged last month because of strong tax revenues and have remained unusually high, despite early-month social security payments.

Both are below the lower end of the Fed's 1987 target ranges, and economists said growth in May also looks as though it will be slow.

Seoul Currency Hits 3-Year High

SEOUL — The South Korean won climbed to a three-year high against the U.S. dollar Friday as the country's central bank marked the U.S. currency down to \$29.40 won from \$31.20 a day earlier.

Although Hong Kong had an \$8.1 billion trade surplus with the United States last year, Washington has not been pressing for a revaluation, mainly because of the colony's open-market policies.

But analysts do not expect to see an imminent change in the pegged rate of 7.80 Hong Kong dollars to \$1, nor do they expect the link to be scrapped altogether.

Most economists said they do not expect Hong Kong to let the currency float freely on foreign currency markets.

The fears that triggered the 1983 currency plunge have eased ever since China and Britain signed a 1984 accord returning Hong Kong to Chinese rule but allowing the colony to retain its capitalist system for another 50 years.

Friday's OTC Prices NASDAQ prices as of 4 p.m. New York. Via The Associated Press.

Table A: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table B: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table C: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table D: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table E: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table F: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table G: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table H: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Friday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table I: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table J: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table K: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table L: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table M: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table N: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

Table O: 12 Month High Low Stock Div. Yld. % High Low 4 P.M. CHG.

ACROSS

1 Lycurgus's last letter
8 Word with energy or system
11 N.Y.C. flics
13 Runk ruler
19 Open-weave fabrics
20 Kind of acid
21 A father-in-law of Esau
22 Mediterranean seaport
23 Crooked
24 "Revenge of the..."
25 Paul Bunyan's round dog
26 Rail
27 Camo's wife
28 Taper a timber
29 Stupid
31 Contemporary of Ngao and Agatha
33 Tantalum
35 Mirmieux of Hollywood
36 Pa.'s state flower
41 Game with stakes and forfeits
42 "The Neon Wilderness" author
43 Chilean Indian
44 Token, perhaps

DOWN

1 Radio actor
2 Measure
3 Character from "The Mabinogion"
4 Neb.'s state flower
5 Phoenician goddess
6 Nisei offspring
7 Sign
8 Lucre, in Livorno
9 Tolstoy's "War and Peace"
10 S.D.'s state mineral

Affairs of State by Mary Virginia Orna



DOWN

11 Punic War battle site
12 "Lazarus Laughed" playwright
13 Role
14 Minn.'s state flower
15 Delaney's "A Honey"
16 Author of "The Abbot"
17 Court decree
18 "Hard Cash" author
19 Scrimshaw's medium
32 Ark.'s nickname

DOWN

34 Museum piece, sometimes
47 He wrote "Philosopher's Quest"
50 Merit
51 Author Morrison
52 Word with shop or sea
57 Chinese cooking pans
58 Puppeteer Baird
59 Father, in Arabia
60 Neb. Indians
62 "Joey"
63 Kin

DOWN

64 Cuba — rum drink
65 Debs's delight
66 Opposite of AAA
67 Barrie canne
68 Nefarious
70 "body" — 8 turns
73 N.H.'s state tree
77 Indian language
78 Check
79 "What though care killed" — Shak.

DOWN

80 Idaho's state horse
81 Has attachment
82 Floe
83 Gaelic
85 Don
87 Squint
90 Popular carryall
91 Wee, in Ay
93 Tex. bay or river
95 Expedite
96 Bean and Welles

DOWN

97 Shake a leg
98 German city on the Elbe
99 Walking (elated)
100 Grand duke of Moscow: 1328-41
104 Short story by Saki
106 Challenges for Retton
107 Handel's "and Galatea"
109 Edge
110 Saitate
111 Pelagic predators

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ANNE FRANK REMEMBERED:

The Story of the Woman Who Helped to Hide the Frank Family

By Miep Gies, with Alison Leslie Gold. Illustrated. 252 pages. \$17.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by John Gross

As books on the Holocaust multiply, it is growing hard to recall how few of them were in the first 20 or so years after World War II, and how very few of those penetrated public consciousness. The most obvious exception was "The Diary of a Young Girl" by Anne Frank. Even that didn't appear in English until 1953, six years after the original Dutch edition. But once it began to be translated, its fame spread around the world, and since then, despite the various types of vulgarization to which the Anne Frank legend has been subjected, it has lost none of its force or luster.

It might reasonably have been supposed, however, that at this hour in the day there was nothing

BOOKS

substantial to add to the story. But in "Anne Frank Remembered," Miep Gies offers not only a fascinating and deeply affecting personal memoir, but also a valuable new perspective on the tragedy.

Gies appears in the diary under the name of "Miep Van Santen." She and her husband Jan — "Henk" in the diary — helped the Franks go into hiding in 1942, and remained one of their principal links with the outside world.

After the war, they resumed their friendship with Otto Frank. Anne's father, but they were reluctant to share in the publicity that the diary received. Instead, they decided to withdraw into anonymity — until 1984, when, fortunately, they were persuaded to change their minds by an American writer, Alison Leslie Gold.

Miep Gies — her original given name was Hermine — was born in Vienna in 1909, and sent to the Netherlands after World War I as part of a program for children suffering from malnutrition. Before long she felt closer to the family who took care of her than to her natural parents; she stayed on, and

DENNIS THE MENACE



Solution to Last Week's Puzzle

World Stock Markets

Via Agence France Presse Closing prices in local currencies, May 15

Market	Index	Change
Amsterdam	1000	+10
London	2700	+15
Paris	1200	+12
Stockholm	1500	+8
Sydney	1800	+10
Tokyo	2200	+15

Market Closed

The Madrid stock market was closed Friday for a holiday.

Market	Index	Change
Amsterdam	1000	+10
London	2700	+15
Paris	1200	+12
Stockholm	1500	+8
Sydney	1800	+10
Tokyo	2200	+15

WEATHER

Region	High	Low	Forecast
Europe	60-65	45-50	Partly cloudy
Asia	70-75	55-60	Sunny
Latin America	80-85	65-70	Partly cloudy
North America	65-70	50-55	Partly cloudy
Middle East	75-80	60-65	Sunny
Oceania	70-75	55-60	Partly cloudy

SATURDAY'S FORECAST — CHANNEL: 510M, FRANKFURT: Changing, 10-15, 5-10; NEW YORK: Sunny, 10-15, 5-10; PARIS: Changing, 10-15, 5-10; TOKYO: Sunny, 10-15, 5-10; SYDNEY: Sunny, 10-15, 5-10; WASHINGTON: Sunny, 10-15, 5-10.

Flight

REBOA

PEOPLE

Prince's Quest for Peace

The British press and public are not quite sure what to make of the quest for inner peace that Prince Charles, the heir to the throne, has been pursuing...

judge has declared King incompetent to manage his affairs. The judge also allowed Paul Getty, the conservator of King's estate, to start proceedings to annul marriage...

Henry Holt and Co. of New York will publish the autobiography of Lord William, the Nobel Peace Prize winner and Polish bar leader, in late October...

Television commercials featuring John Erichman's recording an ice cream-eating grin and promising he's telling the truth got a very chilly reception...

Sir Rudolf Bing, the former general manager of the Metropolitan Opera, and his wife, Carroll, emerged from seclusion Thursday...

An Intellectual Of the Violin

By Bernard Holland

NEW YORK — Standing in his piteously furnished Manhattan apartment on Long Ago, Gidon Kremer said he had changed his mind. The man Herbert von Karajan called "the greatest violinist in the world" was exhausted from his concert 13 hours before and still jet-lagged from a trans-Atlantic flight four days earlier...

Going home? Gidon Kremer has no home. There is a studio in Lucerne, Switzerland, apartments in New York and Paris, parents in Heidelberg, West Germany, and a Soviet passport. He is rarely in any of these places more than two weeks at a time...

and by a mind incapable of repose. On the night before a recent interview, Kremer and a handful of colleagues from the Lockenhaus Festival...

The Lockenhaus players, with Kremer at their head, create yet a third world of this piece — one that tells us much about his questioning, occasionally confrontational, approach to traditional music...



Violinist Kremer: "My playing is a kind of transmitter."

to a family that counts violin playing as almost a genetic property. Both mother and father played in the Latvian State Radio Orchestra. His mother's father, Karl Brückner, was a virtuoso in Sweden and Germany who came to Riga to teach and remained. Kremer's distance from the so-called Soviet school of playing lies initially in his family...

— so many things in my way, but I learned to survive. After winning the Tchaikovsky Competition in 1970, Kremer began his concert ventures in Western Europe, which were at first brief and tightly reined by Soviet authorities, then gradually loosened and expanded after 1974...

It comes to a city like New York or London, and he immediately knows what play to see, what rock group is playing, the best movies. Kremer's transition from the restrictions of the East to the vast freedoms of the West have simply transferred his illusions with musical life to another place...

ANNOUNCEMENTS

WINE: Super Beaujolais Tasting presented by the wine growers... MOVING: BELGIUM STUDENT seeks English speaking family... CAMPS: HOLIDAY CAMP IRELAND, Adventure sports, language studies...

PERSONALS

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